



First Program Year Action Plan

The CPMP First Annual Action Plan includes the [SF 424](#) and Narrative Responses to Action Plan questions that CDBG, HOME, HOPWA, and ESG grantees must respond to each year in order to be compliant with the Consolidated Planning Regulations. The Executive Summary narratives are optional.

Narrative Responses

GENERAL

Executive Summary

The Executive Summary is required. Include the objectives and outcomes identified in the plan and an evaluation of past performance.

Program Year 1 Action Plan Executive Summary:

This Action Plan is for the 2008-09 program year (July 1, 2008 – June 30, 2009) and was developed through a comprehensive state wide effort including the analysis of secondary data, programmatic input sessions and surveys, community conditions and needs assessment input sessions and surveys, and consultations with housing and social service agencies and other entities. The resulting plan and document will be used by the Department of Housing and Community Development to allocate Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), HOME Investment Partnership (HOME), and Housing Opportunities for People with AIDS (HOPWA) program funds within the Commonwealth of Virginia.

DHCD has made progress toward meeting housing, community development, and homelessness needs over the past five year and will continue to further address these needs over the next five year through meeting the following objectives:

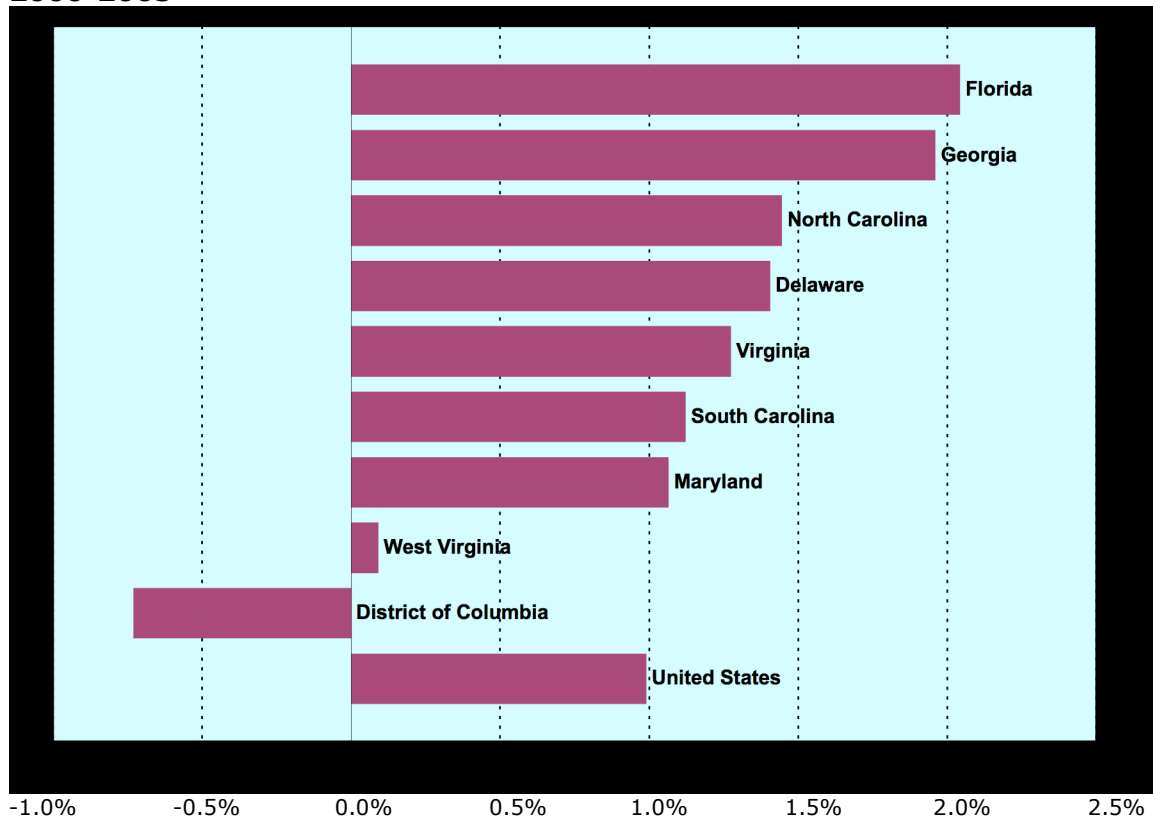
- Supporting local community and economic development activities
- Increasing the supply of affordable housing (both rental and homeowner)
- Supporting homeownership opportunities for low to moderate income first-time homebuyers
- Increasing affordable, accessible housing opportunities for special needs population
- Enhancing the quality of housing for low to moderate income homeowners
- Supporting local efforts to assure that households in a housing crisis are able to obtain and/or maintain housing stability

General Questions

1. Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed during the next year. Where appropriate, the jurisdiction should estimate the percentage of funds the jurisdiction plans to dedicate to target areas.
2. Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a)(1)) during the next year and the rationale for assigning the priorities.
3. Describe actions that will take place during the next year to address obstacles to meeting underserved needs.
4. Identify the federal, state, and local resources expected to be made available to address the needs identified in the plan. Federal resources should include Section 8 funds made available to the jurisdiction, Low-Income Housing Tax Credits, and competitive McKinney-Vento Homeless Assistance Act funds expected to be available to address priority needs and specific objectives identified in the strategic plan.

Program Year 1 Action Plan General Questions response:

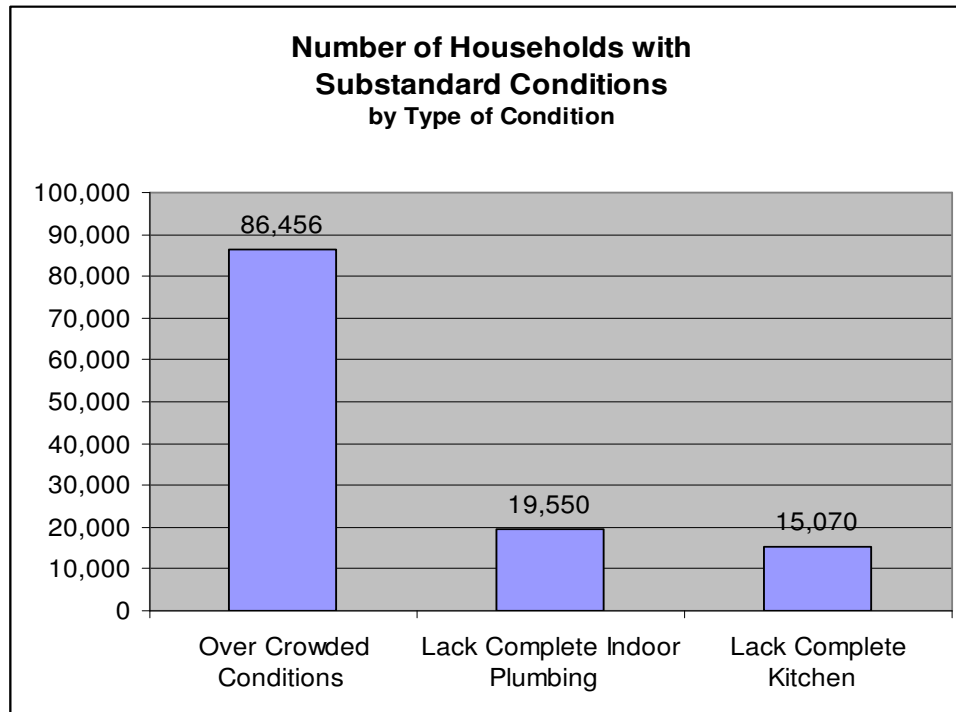
Virginia's population reached 7.7 million in 2007, maintaining the Commonwealth's position as the 12th largest state in the country. Overall Virginia's population growth rate is greater than the nation's as a whole and greater than that of neighboring states.

Annual Growth Rates for the South Atlantic States and the United States, 2000-2005

Source: Demographic Profile of Virginia (2006), Weldon Cooper Center for Public Service

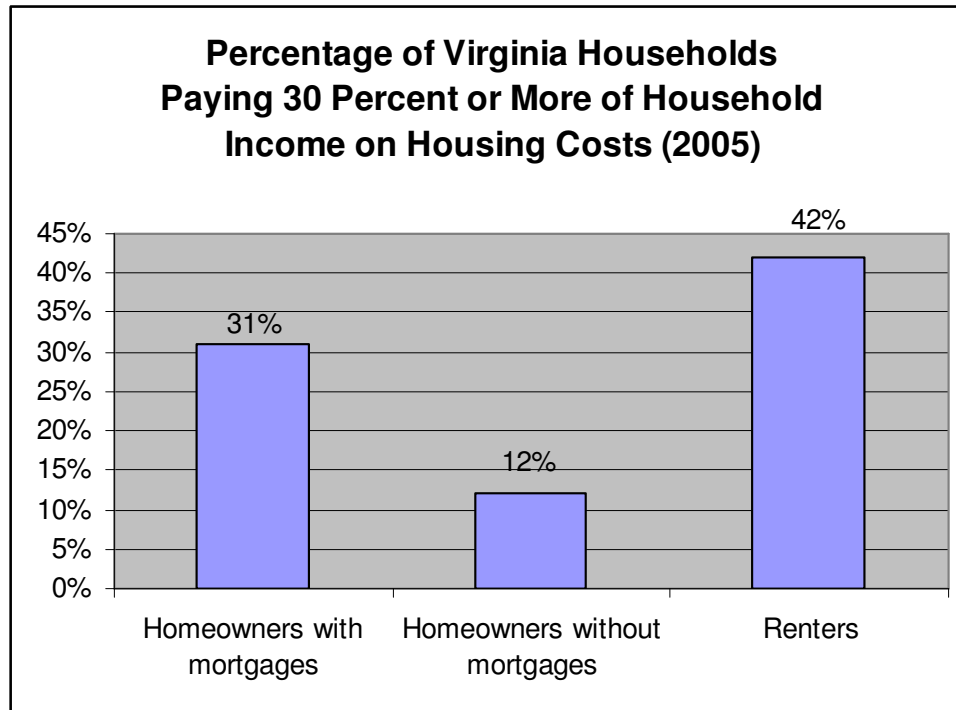
Roughly a third of Virginia's population or approximately 2.5 million individuals live outside of the Northern Virginia, Richmond, or Tidewater Metropolitan areas, in the primary target areas served by this five year Consolidated Plan. It is in these areas that Virginia experiences its highest concentrations of aging homes and of housing units that lack complete indoor plumbing. These are also the areas that are less likely to have access to public water and sewer, internet, and other critical community services such as health care and transportation.

These challenging situations mean that many Virginians live in households that are considered substandard. Based on 2000 Census, there are more than 86,000 households where individuals are living in what is considered over-crowded situations. This is more than 1.1 individuals per room (excluding kitchens, baths, and hall ways). Almost 20,000 housing units lack complete indoor plumbing and just over 15,000 units lack complete kitchens.



*Source: U.S. Census –Note; Households include both renters and homeowners.
Households may have multiple conditions.*

Beyond these specific substandard conditions there are households that are spending far too much of their household income (30 percent or more) on housing costs. Based on 2005 data 31 percent of homeowners with mortgages, 12 percent of homeowners without mortgages, and 42 percent of renters spent 30 percent or more of their total income on housing.



Specific social, economic, and demographic statistic for the state of Virginia based on U.S. Census American Community Survey 2006 is as follows:

Social Characteristics -Virginia	VA Estimate	Percent U.S.	Margin of Error
Average household size	2.55	(X) 2.61	+/-0.01
Average family size	3.12	(X) 3.20	+/-0.02
Population 25 years and over	5,068,993		+/-6,869
High school graduate or higher	(X)	85.4 84.1%	(X)
Bachelor's degree or higher	(X)	32.7 27.0%	(X)
Civilian veterans (civilian population 18 years and over)	771,782	13.5 10.4%	+/-12,357
Disability status (population 5 years and over)	950,842	13.7 15.1%	+/-13,697
Foreign born	773,785	10.1 12.5%	+/-13,217
Male, Now married, except separated (population 15 years and over)	1,601,758	53.5 52.4%	+/-13,998
Female, Now married, except separated (population 15 years and over)	1,564,016	49.5 48.4%	+/-15,005
Speak a language other than English at home (population 5 years and over)	937,609	13.1 19.7%	+/-14,612
Household population	7,407,542		*****

Economic Characteristics -Virginia	VA Estimate	Percent U.S.		Margin of Error
In labor force (population 16 years and over)	4,082,653	67.5	65.0%	+/-17,477
Mean travel time to work in minutes (workers 16 years and over)	26.9	(X)	25.0	+/-0.2
Median household income (in 2006 inflation-adjusted dollars)	56,277	(X)	48,451	+/-458
Median family income (in 2006 inflation-adjusted dollars)	66,886	(X)	58,526	+/-623
Per capita income (in 2006 inflation-adjusted dollars)	29,899	(X)	25,267	+/-251
Families below poverty level	(X)	6.8	9.8%	(X)
Individuals below poverty level	(X)	9.6	13.3%	(X)

Housing Characteristics -Virginia	VA Estimate	Percent U.S.		Margin of Error
Total housing units	3,230,821			+/-356
Occupied housing units	2,905,071	89.9	88.4%	+/-10,869
Owner-occupied housing units	2,030,284	69.9	67.3%	+/-16,101
Renter-occupied housing units	874,787	30.1	32.7%	+/-13,816
Vacant housing units	325,750	10.1	11.6%	+/-10,981
Owner-occupied homes	2,030,284			+/-16,101
Median value (dollars)	244,200	(X)	185,200	+/-1,998
Median of selected monthly owner costs				
With a mortgage (dollars)	1,540	(X)	1,402	+/-13
Not mortgaged (dollars)	345	(X)	399	+/-4

Demographic Estimates - Virginia	VA Estimate	Percent U.S.		Margin of Error
Total population	7,642,884			*****
Male	3,757,523	49.2	49.2%	+/-5,483
Female	3,885,361	50.8	50.8%	+/-5,483
Median age (years)	36.9	(X)	36.4	+/-0.2
Under 5 years	503,491	6.6	6.8%	+/-3,428
18 years and over	5,837,331	76.4	75.4%	+/-2,661
65 years and over	886,014	11.6	12.4%	+/-3,564
One race	7,497,725	98.1	98.0%	+/-8,457
White	5,413,295	70.8	73.9%	+/-11,229
Black or African American	1,496,076	19.6	12.4%	+/-7,657
American Indian and Alaska Native	18,553	0.2	0.8%	+/-2,070
Asian	365,515	4.8	4.4%	+/-4,642
Native Hawaiian and Other Pacific Islander	6,291	0.1	0.1%	+/-1,753
Some other race	197,995	2.6	6.3%	+/-10,716
Two or more races	145,159	1.9	2.0%	+/-8,457
Hispanic or Latino (of any race)	470,871	6.2	14.8%	+/-2,634

Source: U.S. Census Bureau, 2006 American Community Survey

Explanation of Symbols:

***** - The median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.

***** - The estimate is controlled. A statistical test for sampling variability is not appropriate.

'N' - Data for this geographic area cannot be displayed because the number of sample cases is too small.

'(X)' - The value is not applicable or not available.

Investing across a large and diverse area is challenging; however DHCD continues to evaluate its methods of distribution to assure that funds for these critical programs (ADDI, CDBG, ESG, HOME, HOPWA) meet the priority needs within the Commonwealth. Each program varies in its methods for fund distribution, but as a rule DHCD gives priority to non-entitlement areas with the state. Each specific program is tailored to meet federal and program specific regulations and to best meet the needs specific to each target population.

ADDI is administered along with the Downpayment Assistance component of the HOME program. These funds are distributed through DHCD's partnerships with regional administrators across the state.

Other Special Needs and Affordable Housing development components of the HOME program are distributed through partnerships with housing developers that are selected through quarterly competitive proposal processes that give priority to proposals in non-HOME entitlement areas (areas that do not receive a direct HOME allocation).

The Indoor Plumbing Rehabilitation Program, another component of the HOME program provides assistance through partnerships with local governments and non-profits to serve low-income homeowners in non-HOME entitlement areas.

ESG funds are used to support shelters within non-ESG entitlement areas across the state of Virginia.

CDBG supports projects and activities within non-CDBG entitlement areas.

The HOPWA program is administered through a competitive grant process to non-entitlement areas. At least 65 percent of the funding utilized received by grantees (or project sponsors) through this program must be used for direct housing assistance to eligible HOPWA clients.

Obstacles to meeting underserved needs include:

- Virginia housing costs far exceed increases in household income
- Significant quantity of substandard housing
- Absence of state resources for affordable housing
- Increased federal priority on community integration for disabled persons has highlighted a severe shortage in subsidized, affordable, and accessible housing
- Serious market decrease in the demand for tax exempt bonds has limited leveraging opportunities
- Rural challenges to providing homeless services

Managing the Process

1. Identify the lead agency, entity, and agencies responsible for administering programs covered by the consolidated plan.
2. Identify the significant aspects of the process by which the plan was developed, and the agencies, groups, organizations, and others who participated in the process.
3. Describe actions that will take place during the next year to enhance coordination between public and private housing, health, and social service agencies.

Program Year 1 Action Plan Managing the Process response:

The Commonwealth of Virginia's strategic planning process was managed by the Virginia Department of Housing and Community Development (DHCD). As HUD grantee for the five key programs (ADDI, CDBG, ESG, HOME, and HOPWA) under the HUD Consolidated Plan requirement, DHCD took the lead role in the organization and implementation of the statewide strategic planning activities. Planning activities included:

- The review of prior year programmatic data (methods of distribution, outcomes -goals and results, and input sessions)
- Review of secondary data (e.g., census data) on housing, community development, and homelessness
- Consultation activities with housing, social service agencies, and other entities, including those focusing on services to children, elderly persons, persons with disabilities, persons with HIV/AIDS and their families, and homeless persons
- Consultation activities with Planning District Commissions, local county, town, and city administrators and managers
- Statewide in-pur sessions for gathering needs assessment data
- Online survey to gather needs assessment data

Review of Programmatic Data

The review of prior year programmatic data includes an analysis of methods of distribution to identify service areas gaps and challenges, a review of outcome data to assess overall effectiveness and identify areas for overall improvement, and input sessions to gather direct feedback from program stakeholders.

Programmatic input sessions were held for each program during fall-winter of 2007-2008. In each case key stakeholders as appropriate to the specific program, including grantees, regional administrators, sub-recipients, project sponsors, applicants, project developers, state certified community housing development organizations, and clients were invited to attend input sessions held at various locations across the state.

Program-Specific Input Sessions			
<i>Program</i>	<i>When</i>	<i>Where</i>	<i>Number of Participants</i>
CDBG	October 2007	Richmond; and Abingdon	45
ESG	January – February 2008	Roanoke; Abingdon; Richmond; Norfolk; Annandale; and online	174
HOME-down payment assistance program	February 2008	Richmond and online	28
HOME-affordable housing and special needs housing program	February 2008	Roanoke; Wytheville; Hampton; Richmond; and online	48
HOPWA	December 2007	Roanoke; Richmond; and online	17
HOME-indoor plumbing rehabilitation program	February 2007	Charlottesville	65

Review of Needs Assessment Data

Beyond the data collected through programmatic input sessions, reviews of program outcomes, and online surveys of program stakeholders, DHCD also gathered information about community and housing conditions and needs. This data gathering process was launched in November at the 2007 Governor's Housing Conference where DHCD utilized the OptionTechnology application, a real-time

survey tool that allowed DHCD to collect input through specific questions during the meeting. Session participants used hand-held sets to answer specific questions and were able to review and discuss the question results during the session. In addition, open-ended responses and other comments were recorded in writing.

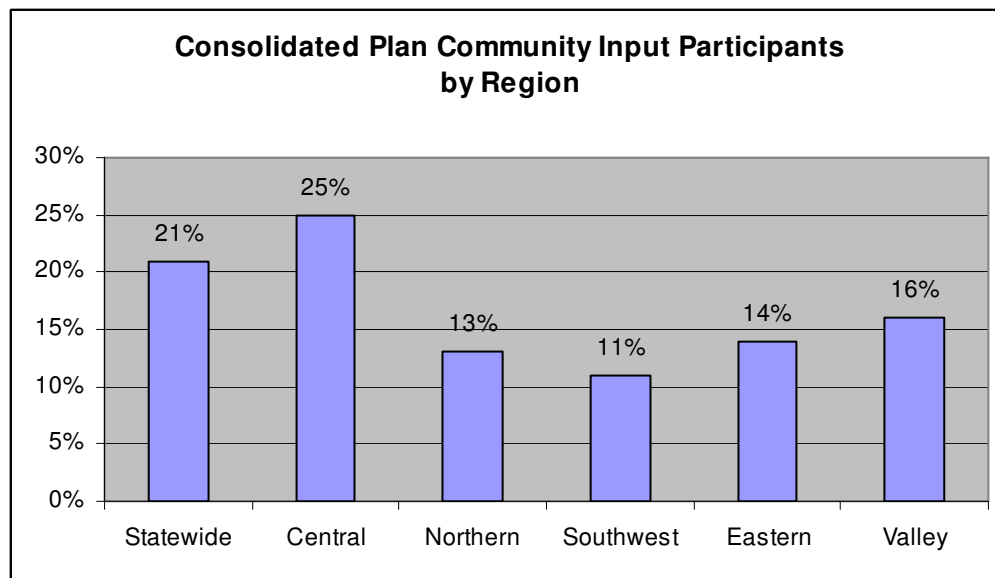
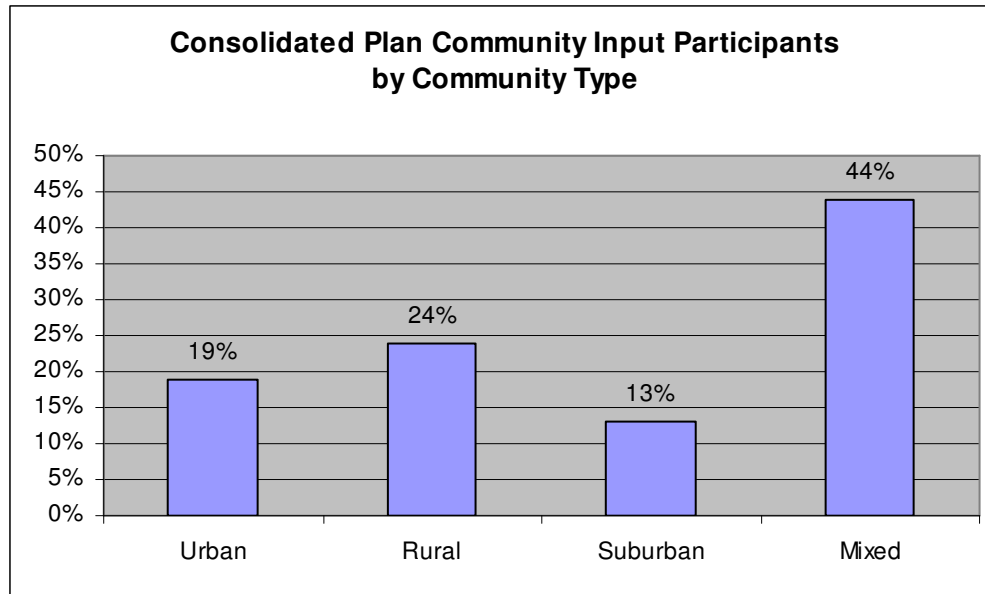


During February 2008, DHCD conducted a series of Community Input Sessions held in Hampton, Abingdon, Annandale, and Richmond. Invitations to participate in the in-person sessions or through an online survey version of these sessions were distributed through:

- The 2007 Governor's Housing Conference attendee list
- DHCD program grantees, sub-recipients, and partners email distribution lists and listservs
- Email distribution list for units of local government and local planning District Commissions

In addition information about the Community Input Sessions was made available on DHCD's website.

More than 575 individuals representing urban, suburban, rural, and mixed areas and all regions of Virginia participated in either the in-person Community Input Sessions or through the on-line survey, providing direct input about community conditions and needs in their communities.



In addition to the needs assessment data that was gathered directly through input sessions and online surveys, DHCD also solicited needs assessment data and other direct feedback through consultations with housing, social service agencies, and other entities. This information was gathered through direct requests for specific data, information or research and through an on-line survey of key contacts at various agencies including:

- Virginia Department of Health (Chronic Disease, HIV/AIDS, and Environmental Hazards)
- Lead Safe Virginia (Virginia Department of Health)
- Department Mental Health, Mental Retardation, Substance Abuse Services
- Virginia Fair Housing Office
- Rural Development

- Virginia Community Capital
- Virginia Housing Development Authority
- Virginia Department of Social Services
- Virginia Department of Justice
- Virginia Employment Commission
- Virginia Coalition to End Homelessness
- Virginia Economic Development Partnership
- Virginia Resource Authority
- Housing Opportunities Made Equal (HOME)

Citizen Participation

1. Provide a summary of the citizen participation process.
2. Provide a summary of citizen comments or views on the plan.
3. Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.
4. Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.

*Please note that Citizen Comments and Responses may be included as additional files within the CPMP Tool.

Program Year 1 Action Plan Citizen Participation response:

For DHCD, prior years' public participation efforts had produced limited results. In an effort to increase the overall level of participation DHCD implemented a three-tiered approach that included:

- Program specific input sessions and surveys
- Consolidated Plan specific needs assessment input sessions and surveys
- Traditional and mandatory public posting and public hearing

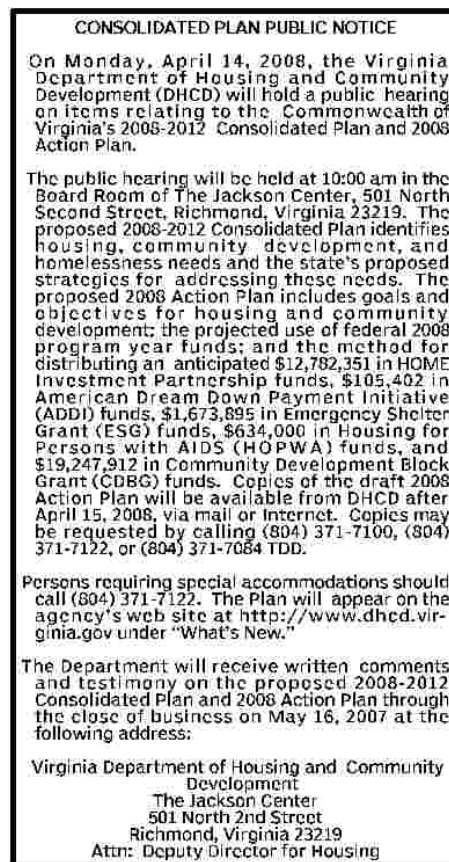
As indicated in the prior section on *Managing the Process* DHCD held input sessions specific to each of the programs included under that Consolidated Plan. These were held in various locations across the state. These sessions specifically invited key stakeholders such as DHCD partners, grantees, sub-recipients, and project sponsors. Data gathered through these in-person sessions and provided through the online survey version of the input session specifically collected data from the perspective of the partners and the direct clients or beneficiaries that they serve.

In addition to these program-specific citizen participation opportunities, DHCD also held Consolidated Plan needs assessment public input sessions. These sessions were initiated at the November 2007 Governor's Housing Conference and subsequently held at various locations across the state of Virginia. See prior section on *Managing the Process* for specific locations and the timeline. An online survey version of the input session efforts as well as the invitations to the in-person sessions were posted on DHCD public website and distributed broadly through several list servers and email distributions including:

- 2007 Governor's Housing Conference attendee list
- HOPWA grantee email distribution list
- Ryan White distribution list
- DHCD program grantees, sub-recipients, and partners email distribution lists and listservs
- Email distribution list for units of local government and local planning District Commissions
- Key state housing and social service agencies

In addition to these new creative efforts to gather citizen input, DHCD also made the plan available for review and held a public hearing for comments on April 14, 2008. Legal notice of the public hearing was distributed through the sources listed above as well as published in six newspapers across Virginia:

- Bristol Herald
- Lynchburg News Advance
- Potomac News
- Richmond Times Dispatch
- Roanoke Times
- Virginia Pilot



Overall participation through the new input session and online survey efforts was effective. More than 575 individuals representing diverse areas and interests within the state provided specific feedback on needs and priorities within their areas of the

state. For complete comments and feedback please see additional files submitted with the Consolidated Plan. These summarized input or feedback reports include:

- HOPWA Input Session Results
- Shelter Programs Input Session Results (ESG)
- Affordable Housing and Special Needs Housing Input Session Results
- Downpayment Assistance Program Input Session Results
- Consolidated Plan Summary of Open-ended Responses

All formal written comments (3) received outside the input sessions and online survey methods were also accepted (none were rejected) by DHCD and summarized as follows:

Comment:

The Thomas Jefferson Planning District Commission submitted a written comment that acting on a recommendation from the Regional Housing Directors Council, the Thomas Jefferson Planning District Commission adopted a resolution in support of DHCD receiving and funding proposal for HOME funds for rural rehabilitation projects without indoor plumbing as part of the program design for the program.

Response:

HOME funds have been reduced from prior years and the need for homeowner rehabilitation far exceeds available funds, therefore DHCD will continue to use lack of indoor plumbing as a means to prioritize funds for homeowner rehabilitation. Units lacking indoor plumbing tend to have other significant rehabilitation needs that warrant immediate attention. DHCD will continue to monitor this situation and reconsider this prioritization as needed and as funds are available.

Comment:

The Endependence Center Inc. submitted a written comment that DHCD should make the commitment to creating a minimum number of affordable, accessible housing –units that include subsidies to benefit individuals with disabilities who are extremely low income. They also recommended that the units created or altered to be accessible and provided in integrated, mainstream developments and are set aside or prioritized to people with disabilities who need accessible features. In addition, the Endependence Center Inc. requested that DHCD continue to support homeownership opportunities for people with disabilities who are very low and extremely low income and noted that one strategy be to encourage VHDA to implement a Section 8 Homeownership Program. The Center recommended that DHCD provide guidance to CHDOs on the provision of adequate grant assistance for people with disabilities who are extremely low income.

The Endependence Center recommends that DHCD ensure that non-profit housing organizations and developers using HUD-funded programs develop affordable housing in safe neighborhoods near public transportation route and close to shopping centers. The center also recommends that DHCD ensure that owners of existing and future multifamily housing developed in Western Tidewater comply with FHAA accessibility design and construction requirements and are meeting the minimum required number of 504 accessible units.

The Endependence Center also asked DHCD to support accessibility modification for homeowner units and for the regular inclusion of data related to the housing needs for individuals with disability be included in the Consolidated Plan and the annual action plans.

Response:

DHCD will be prioritizing special needs housing in a number of ways. DHCD will be setting aside a specific pool of HOME funds to be utilized for special needs housing development. DHCD will actively seek opportunities to leverage special needs HOME projects with Low Income Housing Tax Credits (LIHTC) and private activity bond funds through Virginia Housing Development Authority (VHDA). DHCD is also setting aside funds in the 2008-09 Action plan for accessibility modifications for individuals leaving institutions and re-entering the community through the Commonwealth's federal *Money Follows the Person Initiative*. Priority in DHCD's competitive process for both affordable housing development and accessible housing is given to projects with supportive services and access to public transportation.

DHCD has included data related to disabilities and housing needs in its assessment of housing and community development needs for the state's program. This data has been and will continue to be leveraged to understand and address these needs as they related to DHCD's administration of the programs under the Consolidated Plan.

Comment:

The York County Division of Housing and Neighborhood Revitalization requests that DHCD consider making funding available to rehab existing sub-standard structures occupied by low to moderate income (LMI) Seniors that are not contiguous at the neighborhood level. They noted that there was once funding through DHCD for this type of activity under the Rural Rehab program and noted that York County needs a program like that to be funded again.

Response:

HOME funds have been reduced from prior years and the need for homeowner rehabilitation far exceeds available funds, therefore DHCD will continue to use lack of indoor plumbing as a means to prioritize funds for homeowner rehabilitation. Units lacking indoor plumbing tend to have other significant rehabilitation needs that warrant immediate attention. DHCD will continue to monitor this situation and reconsider this prioritization as needed and as funds are available.

Institutional Structure

1. Describe actions that will take place during the next year to develop institutional structure.

Program Year 1 Action Plan Institutional Structure response:

DHCD works with many different organizations, both public and private, to carry out its Consolidated Plan. The community economic development activities are carried out through contractual agreements with units of local government. The housing activities, both production and preservation activities, are accomplished through

partnerships with units of local government, non-profits, housing developers, and specifically through partnerships with state certified Community Housing Development Organizations (CHDOs). Homelessness, HIV/AIDS, and other special needs services result from DHCD's relationship with a network of non-profit service providers including shelters and units of local government across the state of Virginia.

Appropriate service coverage and the logistics of getting the funding and activities to the areas of need within Virginia are on-going challenges. The solution in many cases is long-term and evolving. DHCD works with community based organizations to develop local assets for meeting local needs. DHCD puts special emphasis on CHDO development and encourages partnerships and collaborations in the work that is done.

The public housing authorities (PHA) are components in the statewide system for the delivery of affordable housing. Local housing authorities are established through the auspices local government, subject to state enabling legislation. Neither the state nor DHCD specifically have direct oversight for local PHA, however we may partner with these entities through a grantee or project sponsor relationship to complete local projects or activities. DHCD does certify local plan's or project's consistency with the state program's Consolidated Plan.

One Virginia public housing authority has a "troubled" status, three have substandard physical assessments, and one has a substandard financial assessment. All other public housing authorities within the Commonwealth have either a standard or high performing assessment statuses. DHCD is gathering additional information related to the troubled status assessment and continues to monitor the local PHA situations and the impact on current or pending local project activities.

DHCD continues to monitor activities and the distribution of accomplishments and results in relationship to community needs. Through DHCD's Geographic Information System (GIS) analysis we are able to specifically identify service gaps and concentrations of results on an ongoing basis. This has greatly enhanced DHCD's responsiveness to meeting the needs of the Virginia communities. To date there are no significant gaps in the DHCD's Consolidated Plan delivery system.

Monitoring

1. Describe actions that will take place during the next year to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.

Program Year 1 Action Plan Monitoring response:

All programs within the Consolidated Plan are monitored on an on-going basis with a three-tiered process that includes:

1. Fiscal accounting monitoring
2. Action Plan compliance monitoring
3. Project/grantee level monitoring

Fiscal management of each program means that each program is set up where the

Housing or Community Development Divisions of the agency determines actual sub allocation categories and amounts. The division staff are also responsible for the RFP processes, if applicable, and the awards of grants or other forms of assistance. The administrative division of the agency is responsible for the fiscal set up of all program allocations, and sub allocations. The Housing and Community Development Divisions, if applicable, are responsible for project/activity set-up, requests and approvals (by two separate division positions) of draw-downs, de-obligations or re-obligations are originated within the Community Development or Housing Divisions to be executed by the administrative division.

In addition, to fiscal monitoring practices DHCD monitors program spending and practices to assure that the department is meeting its action plan targets and federal regulations on the amount funds committed and expended by program and sub allocations (e.g., CHDO set aside); the number of types of units/projects created by program, sub allocations, and by type (e.g., special needs); the occupancy data by program and sub allocation requirements; and income targeting by program and sub allocation.

On a project or activity level project sponsors, grantees, and sub-recipients are monitored on a regular basis in accordance with program specific guidelines and risk assessments. All programs conduct these monitoring annually, based on risk assessments, and/or as needed. The DHCD approach to project and activity monitoring is to both ensure compliance and to provide appropriate technical assistance to assure the long-term success of our partners, programs, and the clients that they serve.

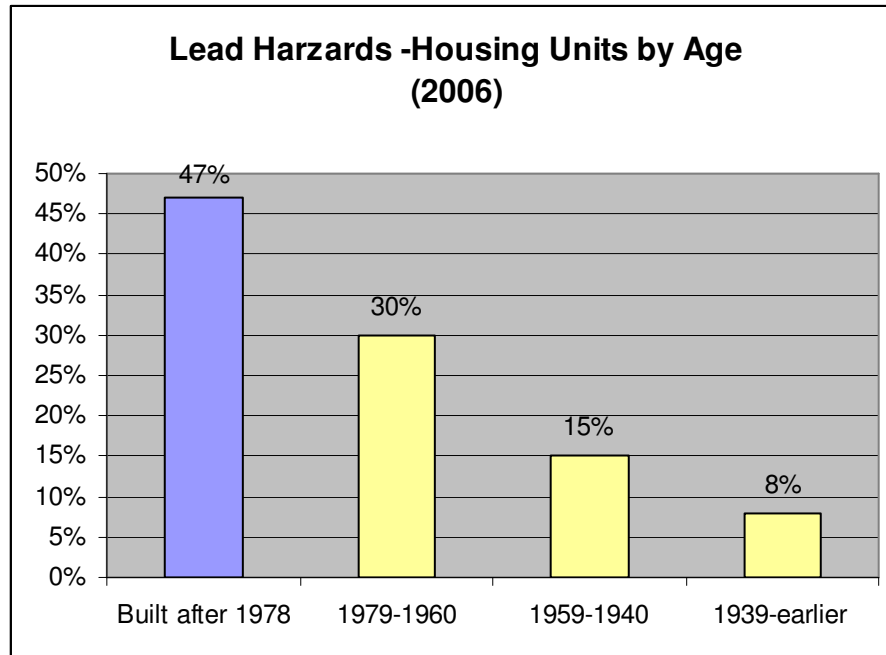
Lead-based Paint

1. Describe the actions that will take place during the next year to evaluate and reduce the number of housing units containing lead-based paint hazards in order to increase the inventory of lead-safe housing available to extremely low-income, low-income, and moderate-income families, and how the plan for the reduction of lead-based hazards is related to the extent of lead poisoning and hazards.

Program Year 1 Action Plan Lead-based Paint response:

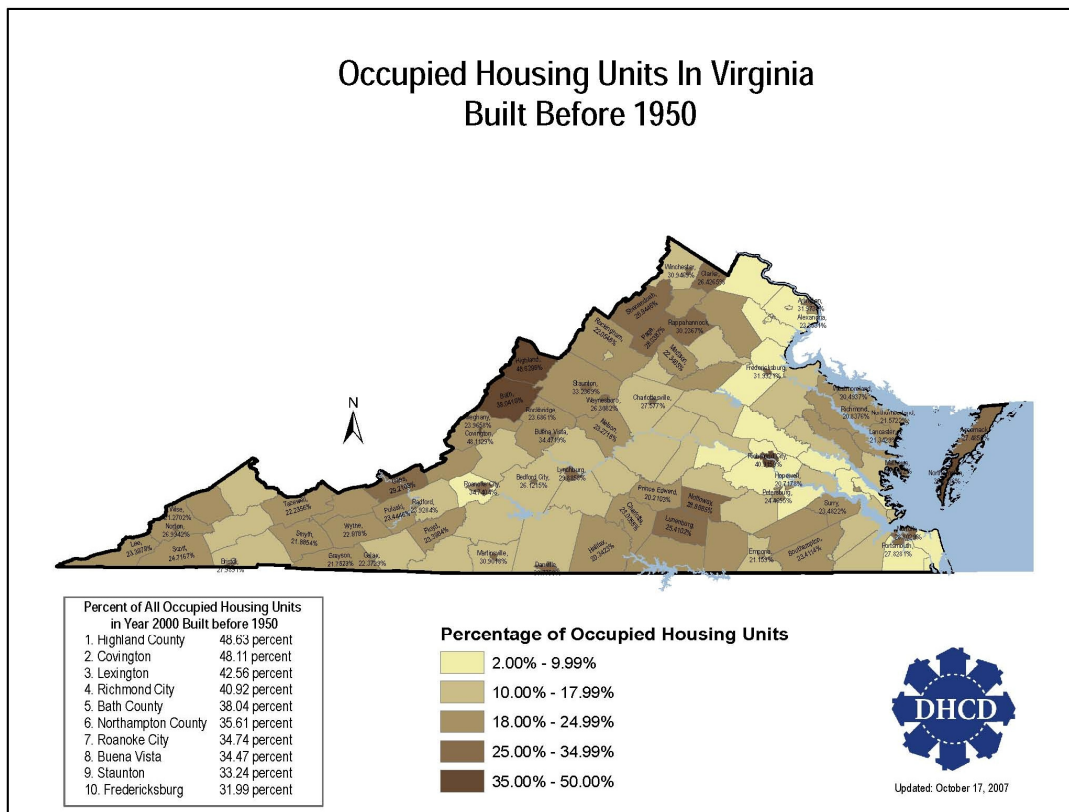
Although lead paint was banned from residential use in 1978, lead remains a danger in homes constructed before 1978 (especially in homes built before 1950). Paint deterioration and home renovations in these structures result in a significantly elevated risk for exposure to lead and subsequently lead poisoning.

Based on the 2006 American Community Survey (U.S. Census) data 53 percent (or 1,546,079 units) of Virginia occupied housing units are units constructed prior to 1978 and are at risk for lead-based paint hazards.



Source: 2006 American Community Survey

The greatest concentration of the highest risk housing units (those built before 1950) tend to be located with Virginia's rural counties.



Source: 2000 U.S. Census

All DHCD administered HUD programs must conform to federal and state lead regulations. This means that all grantees, sub-recipients, project sponsors, developers, or other partners are required to conduct visual lead inspections of any structure where appropriate per program guidelines. Appropriate measures to remove the hazard and re-inspection are required where peeling or chipping paint is observed. More extensive measures are required in the case of a child 72 months, or younger testing positive in a specific housing unit.

In addition, DHCD will be joining the Virginia Lead Elimination Plan Work Group Housing and Policy Committee that works across multiple state level agencies and with local housing and community development agency and authorities to develop and implement a statewide plan to eliminate lead hazards.

HOUSING

Specific Housing Objectives

*Please also refer to the Housing Needs Table in the Needs.xls workbook.

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Program Year 1 Action Plan Specific Objectives response:

Based on anticipated funding levels, DHCD's goal is to complete 670 units of affordable housing over the next program year. These accomplishments will be achieved through activities and projects carried out through the following programs:

- Down Payment Assistance Program
- Indoor Plumbing (Homeowner) Rehabilitation Program
- Affordable and Special Needs Housing Programs

The goal is to complete 370 homeownership units. These units will be completed through the homeowner rehabilitation program (Indoor Plumbing and Rehabilitation), the Down Payment Assistance Program (DPA), and the Affordable Housing and Special Needs Programs. All these programs leverage state funds toward the completion of affordable homeownership units. The Indoor Plumbing Program receives a direct allocation from the state and the clients using the DPA program frequently leverage low-interest mortgage products available through VHDA. The Affordable Housing and Special Needs Programs leverage a number of other financial resources toward the development of affordable, accessible units.

At least some of these units may target specific special needs populations (physically, sensory, mentally, and/or developmentally disabled). All units completed through the Indoor Plumbing and Rehabilitation Program will target households in non-CDBG entitlement areas at or below 80 percent AMI. Those units completed

through the DPA or the Affordable Housing and Special Needs Housing programs will primarily target household units at or below 60 percent AMI.

Homeownership Unit -Year 1 Goal, 370		
<i>Program</i>	<i>Resources</i>	<i>Number of Units</i>
Indoor Plumbing and Rehabilitation	HOME and State Allocation	60
Down Payment Assistance Program	HOME, VHDA (state)	300
Affordable Housing and Special Needs Programs	HOME, Home loan bank, VCC, other private financing	10
		Year 1 Total -370 Units

The goal is to complete 300 affordable rental units. These units will be completed through the Affordable Housing and Special Needs Programs. All these programs leverage state funds and other resources toward the completion of affordable, accessible rental units.

At least some of these units may target specific special needs populations (physically, sensory, mentally, and/or developmentally disabled). These units may target specific subpopulations like individuals with HIV/AIDS, older adults, chronically homeless, prisoner re-entry, and others. All units completed through Affordable and Special Needs Housing Programs will target incomes at or below 60 AMI and at least 20 percent of the units in any one project will target incomes at or below 50 percent AMI. Higher priority is given to lower income targeting, special needs housing, and to projects that include special features such as being fully accessible, green built, and access to transportation and other community services. In addition, projects with units that will be located in non-HOME entitlement areas are given priority.

Rental Unit -Year 1 Goal, 300		
<i>Program</i>	<i>Resources</i>	<i>Number of Units</i>
Affordable Housing and Special Needs Programs	HOME, Home loan bank, VCC, other private financing	300
		Year 1 Total -300 Units

Needs of Public Housing

1. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.
2. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.

Program Year 1 Action Plan Public Housing Strategy response:

The public housing authorities (PHA) are components in the statewide system for the delivery of affordable housing. Local housing authorities are established through the auspices of local government, subject to state enabling legislation. Neither the state nor DHCD specifically have direct oversight for local PHA, however we may partner with these entities through a grantee or project sponsor relationship to complete local projects

or activities. DHCD does certify local plan's or project's consistency with the state program's Consolidated Plan.

One Virginia public housing authority has a "troubled" status, three have substandard physical assessments, and one has a substandard financial assessment. All other public housing authorities within the Commonwealth have either a standard or high performing assessment statuses. DHCD is gathering additional information related to the troubled status assessment and continues to monitor the local PHA situations and the impact on current or pending local project activities.

Barriers to Affordable Housing

1. Describe the actions that will take place during the next year to remove barriers to affordable housing.

Program Year 1 Action Plan Barriers to Affordable Housing response:

There are institutional barriers to affordable housing. In the coming years, the State will work toward removing and reducing, where possible, these barriers. The following are some of the measures that will be taken over the program year period to address these barriers:

- Continue to coordinate project funding through various sources in a way that will reduce nonessential duplicative requirements.
- Continue to administer a Uniform Statewide Building Code (USBC) that emphasizes the attainment of public health and safety goals for new construction and maintenance at the least cost consistent with those goals.
- Offer training through the Building Code Academy that focuses on the provisions of the USBC that facilitate the maintenance, rehabilitation, development and reuse of existing buildings in accordance with those provisions.
- Promote the use of varied types of single-family dwellings in areas zoned agricultural and residential.
- Continue to scrutinize state enabling legislation, local land use ordinances, and introduced legislation with the potential to affect the production and preservation of affordable housing.
- Recommend support for legislation with the potential to increase housing affordability.
- Continue to consult with the homebuilding industry, local governments, and affordable housing advocates in considering the potential impact of state statutes and state and local regulations on affordable housing.
- Participate in the working groups of the Virginia Housing Commission that are focusing on the development of a statewide housing policy, including such issues as affordability, community revitalization and blight removal.
- Pursue homeownership initiatives underway at the Department that assist lower-income households for the purchase of their first home.
- Develop strategies, in consultation with the Virginia Housing Development Authority, to create and implement programs to meet the housing needs of persons released from federal, state, or local incarceration.

HOME/ American Dream Down payment Initiative (ADDI)

1. Describe other forms of investment not described in § 92.205(b).
2. If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.
3. If the PJ will use HOME funds to refinance existing debt secured by multifamily housing that is that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under § 92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:
 - a. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.
 - b. Require a review of management practices to demonstrate that disinvestments in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.
 - c. State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.
 - d. Specify the required period of affordability, whether it is the minimum 15 years or longer.
 - e. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community.
 - f. State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.
4. If the PJ is going to receive American Dream Down payment Initiative (ADDI) funds, please complete the following narratives:
 - a. Describe the planned use of the ADDI funds.
 - b. Describe the PJ's plan for conducting targeted outreach to residents and tenants of public housing and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide down payment assistance for such residents, tenants, and families.
 - c. Describe the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

Program Year 1 Action Plan HOME/ADDI response:

In the 2008-09 program year, Virginia's HOME Investment Partnership/ADDI funding will be allocated to the following principal categories of usage:

Anticipated (2008-09)	
DHCD's 2008 HOME Allocation	\$12,782,351
Anticipated Program Income	\$450,000
American Dream Downpayment Initiative (ADDI)	\$105,402
Total	\$13,337,753
Proposed Uses	
Affordable Housing Program	\$3,800,000
Special Needs Housing	\$1,000,000
Homeownership (Downpayment Assistance)	\$2,354,116
American Dream Downpayment Initiative	\$105,402
Indoor Plumbing and Rehabilitation	\$4,500,000
Community Integration Pilot	\$100,000
CHDO Operating	\$200,000
State Administration	\$1,278,235
Total	\$13,337,753

The design of each of the programs to follow has specific measures to provide a fair and appropriate distribution of these resources.

The Indoor Plumbing Rehabilitation Program only funds projects in HOME non-entitlement jurisdictions. The IPR Program is limited to 115 eligible cities and counties. The program's 52 current subrecipients serve eligible localities. Subrecipients include local governments, housing authorities, planning district commissions and a wide-range of non-profit organizations whose coverage ranges from multiple jurisdictions to very small organizations with limited capacity. This network allows programs to reach into most parts of the state. To help serve areas of the state that are either not served or are under-served by IPR subrecipients, DHCD now allows subrecipients to "roam to serve units that are completely lacking indoor bathrooms outside of the jurisdictions they are contracted to serve."

The HOMEownership Program operates through local partnerships with governmental entities, non-profit housing service providers, and mortgage lenders across the Commonwealth. DHCD uses a network of local administrators to administer the program, offering intake services, housing counseling, and pre-qualification screening for eligibility on a first-come, first-serve basis to serve the various regions of the state. DHCD will extend the contracts of the existing administrators, based on 2007-08 performance, for the 2008-09 program.

Amendment Process

Any change in eligible activities or method of fund distribution that exceeds 15 percent of the total HOME or ADDI allocation as contained in the Action Plan is subject to an amendment process. The State would conduct one public hearing in Richmond for any such changes. Notification will be made through DHCD mailing list. A 30 day comment period will be provided.

Performance Reports

Any performance report submitted to HUD relative to the Consolidated Plan is subject to participation and comment. The state provides reasonable notice of the comment period (through newspaper advertisements at least two weeks in advance in the newspapers) and also provides a period not less than 15 days to receive comment on any performance report prior to submission to HUD. A commenter may review the performance report at DHCD's offices after alerting DHCD at least five working days in advance. Summaries of comments received shall be attached to the performance report.

Complaint Process

The State shall provide a substantive written response to written complaints regarding the Action Plan, substantial amendments to the Plan, and performance reports within 15 working days, where practicable.

DHCD Technical Assistance

DHCD will provide technical assistance to any for-profit or nonprofit affordable housing developer or their agents in preparing and submitting proposals and otherwise pursuing assistance under the HOME Program. This assistance will generally occur via telephone, facsimile transmission, electronic mail, formal meetings, and occasional site visitation.

Match Requirements

The State will satisfy the requirement that it provide a 25 percent match with non-federal funds using the following sources:

- The present value of interest reductions of below-market-rate loans where the project also receives HOME assistance;
- State general revenue funds that are contributed to housing projects assisted with HOME funds and meet the HOME affordability requirements; and/or
- The face value of State mortgage revenue bond loans (multi-family and single family loans).

Affordability Periods

To ensure that HOME investments yield affordable housing over the long term, HOME imposes rent and occupancy requirements over the length of an affordability period. For homebuyer and rental projects, the length of the affordability period depends on the amount of the HOME investment in the property and the nature of the activity funded. The table below provides the affordability periods.

HOME Investment Per Unit	Length of the Affordability Period
Less than \$15,000	5 years
\$15,000-\$40,000	10 years
More than \$40,000	15 years
New construction of rental housing	20 years
Refinancing of rental housing	15 years

HOME-assisted units are subject to the affordability for the entirety of the affordability period. These HOME assisted units are subject to a recapture provision in order to assure that the units either remain affordable (i.e., housing eligible clients) or that DHCD recovers its investment based on the terms of the agreement. Please see specific HOME program details for recapture provision specifics.

Program Income

The State anticipates approximately \$450,000 in program income attributed to the HOME Investment Partnership Fund. This income is in the form of interest earnings on multifamily projects, repayment of HOME funds on rehabilitated owner-occupied units, and funds recaptured through the sale or refinance of a unit assisted through the Downpayment Assistance Program (HOME and ADDI funding). The program income returned to DHCD will be used for other HOME-eligible activities through the reinvestment in the DownPayment Assistance Program.

The Indoor Plumbing/Rehabilitation Program has continued to be administered as a loan program. Repayments are made based on the homeowner's financial capacity. The subrecipient retains repayments under IPR for use on other HOME-eligible projects. Each subrecipient must develop a plan for using any program income and report program income to the State.

Affirmative Marketing/Minority and Women Business Outreach

DHCD requires that its grantees and or administrators not exclude any organization or individual from participation under any program funded in whole or in part by HOME Program funds on the grounds of age, disability, race, creed, color, national origin, familial status, religion or sex. The following federal requirements are applicable to HOME Program developments:

- Fair Housing Act 24 CFR 100
- Executive Order 11063, as amended 24CFR107 (Equal Opportunity in Housing)
- Title VI of the Civil Rights Act of 1964 24 CFR 1 (Nondiscrimination in Federal Programs.)
- Age Discrimination Act of 1975 24 CFR 146
- Section 504 of the Rehabilitation Act of 1973 24 CFR 8
- Executive Order 11246, as amended 41 CFR 60 (Equal Employment Opportunity Programs.)
- Section 3 of the Housing and Urban Development 24 CFR 135 Act of 1968
- Executive Order 11625, as amended (Minority Business Enterprises)
- Executive Order 12432, as amended (Minority Business Enterprises)
- Executive Order 12138, as amended (Women's Business Enterprise)

DHCD requires sponsors for projects consisting of five or more units to adopt affirmative marketing procedures and requirements. DHCD provides each sponsor with a model affirmative marketing strategy that may be adapted to meet the individual project's specific features. DHCD reviews draft strategies and requires that sponsors submit their final or adopted strategies for review and approval before committing funding. The affirmative marketing procedures and requirements must include the following elements:

- The project sponsor's methods for informing all parties of the fair housing laws;
- The policies, requirements and practices that the owner must carry out to assure the widest possible outreach;
- Record keeping requirements; and
- The method to be used to assess the success of the marketing strategy.

Although all housing programs DHCD operates are subject to minority and women's business enterprise outreach requirements, HOME-funded projects are subject to more specific requirements. Project sponsors must initiate practices that facilitate participation by small women-owned and minority enterprises that include the following:

- Dividing procurement for goods, services, and contracts, where possible, into small segments;
- Establishing delivery schedules to encourage their participation;
- Publishing notices via *legal advertisement* in *regional* newspapers of anticipated contracts, services and procurement;
- Maintaining solicitation lists;
- Providing construction contractors copies of this solicitation list; including goals for women-owned and minority business goals in construction contract documents; and
- Maintaining a register of all minority and women-owned enterprises actually used.

Contract documents and individual project goals must be sent to DHCD at the time that the project sponsor is preparing bid specification packages. Project sponsors are responsible for requiring contractors to submit information monthly on minority and women-owned enterprise.

Displacement

Projects causing the displacement of individuals or families are discouraged. HOME applicants whose projects involve relocation or acquisition must submit a relocation assistance plan (technical assistance is available from DHCD staff). All recipients of funds must comply with the provisions of the Uniform Relocation Act and, as applicable, Section 104(d).

Uniform Relocation Act and Section 104(d) Requirements

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) is separate, government-wide legislation that applies to HUD programs such as HOME, CDBG, or Section 108 loan guarantees. It does not apply to other federal guarantees or insurance (e.g., FHA insurance) *nor does it apply to Low-Income Housing Tax Credit programs*. URA is triggered when any of the following occur:

- Displacement of homeowners, tenants, and businesses that results from the acquisition, demolition, or rehabilitation for HUD-assisted projects carried out by public agencies, nonprofit organizations, private developers, or others; or
- Real property acquisition for HUD-assisted projects (whether publicly or privately undertaken).

Typically, projects triggering URA include one or more of the following:

- Property acquisition, including acquisition of vacant lots for homebuyer programs;
- Relocation of homeowners, tenants, or businesses; and
- Homeowner rehabilitation programs where household participation is not voluntary (includes programs where code compliance is used as enforcement mechanism for households to participate in the rehabilitation program).

The URA protects all persons who are displaced by a federally assisted project, regardless of their income. This is in contrast to Section 104(d), which only protects displaced persons whose income is at or below 80% of the area median. Section 104(d) applies to some, but not all, CDBG- or HOME-funded projects, and its requirements differ from URA in several ways, including who is eligible for assistance and what assistance is provided. Section 104(d) requirements may also be triggered in a HOME-assisted project. These requirements focus on the “loss” of low/moderate income housing (both rental and owner occupied) through demolition or conversion. Section 104(d) requires:

- Relocation assistance for displaced low/moderate income families; it does not provide protection or assistance to households with incomes above the Section 8 Low Income Limit; and
- One-for-one replacement of low/moderate income dwelling units that are demolished or converted to another use.

Lead-Based Paint

All DHCD administered HUD programs, including the HOME/ADDI programs, must conform to federal and state lead regulations. This means that all grantees, sub-recipients, project sponsors, developers, or other partners are required to conduct visual lead inspections of any structure where appropriate per program guidelines. Appropriate measures to remove the hazard and re-inspection are required where peeling or chipping paint is observed. More extensive measures are required in the case of a child 72 months or younger testing positive in a specific housing unit. Please see program guidelines for more details.

Property Standards

Upon completion of project activities (e.g., acquisition, rehabilitation or new construction), the project must meet, and continue to meet through the affordability period, minimum property standards including:

- A. Decent, safe, sanitary housing that minimally meets all applicable local and State codes, rehabilitation standards, ordinances, and zoning ordinances including, but not limited to, the State's Building Standard (AS 18.56.300) as implemented by

15 AAC 150.030, Building Energy Efficiency Standard (AS 46.11.040) as implemented by 15 AAC 155.010.

- B. The owner must maintain the assisted housing in compliance with all applicable State and local housing quality standards and code requirements. If there are no such standards or code requirements, the housing must meet the Housing Quality Standards in 24 CFR 982.401 (Section 8 Housing Assistance Payments Program's Housing Quality Standards [HQS]) and comply with HUD's Lead Based Paint Hazard and Control in 24 CFR Part 35. (Also see Chapter 7 § II. Housing Quality Standards Inspections.)

Environmental Review

In implementing the HOME Program, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969, and the related authorities listed in HUD's Regulations at 24 CFR Parts 50 and 58. **HOME Program funds cannot be committed until the environmental review process has been completed.** Down payment assistance activities to individual homebuyers are categorically excluded and do not require an Environmental Review (24 CFR Part 92.352).

Program Targeting

HOME/ADDI funds are targeted to specific household incomes. Please see specific HOME/ADDI program for each income targeting requirement.

Eligible Property Types

HOME/ADDI funds are targeted to specific property types. Please see specific HOME/ADDI program for eligible properties types.

Prohibited Activities for HOME Funds

- **Project reserve accounts:** HOME funds may not be used to provide project reserve accounts (except for initial operating deficit reserves) or to pay for operation subsidies.
- **Tenant-based rental assistance for certain purposes:** HOME funds may not be used as rental assistance in conjunction with the federal Rental Rehabilitation Program (Section 17) to prevent displacements. They also may not be used for certain mandated existing Section 8 Program uses, such as Section 8 rent subsidies for troubled HUD-insured projects.
- **Match for other programs:** HOME Program funds may not be used as the "nonfederal" match for other federal programs *except* to match McKinney Act funds.
- **Operations or modernization of public housing:** HOME funds may not be used to provide annual contributions for the operation of public housing or to carry out modernization activities in public housing. (Public housing is housing established under the 1937 Housing Act. Public housing modernization activities are defined at 24 CFR Part 968.)
- **Properties receiving assistance under 24 CFR Part 248 (Prepayment of Low-Income Housing Mortgages):** Properties receiving assistance through the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) or the Emergency Low Income Preservation Act (ELIHPA) are not eligible for HOME assistance except if the HOME assistance is provided to priority purchasers.
- **Double dipping:** During the first year after project completion, the PJ may commit additional funds to a project. After the first year, no additional HOME

funds may be provided to a HOME-assisted project during the relevant period of affordability, *except* that:

- Rental assistance to families may be renewed.
- Rental assistance may be provided to families that will occupy housing previously assisted with HOME funds.
- A homebuyer may be assisted with HOME funds to acquire a unit that was previously assisted with HOME funds.
- **Acquisition of PJ-owned property:** A PJ *may not* use HOME Program funds to reimburse itself for property in its inventory or property purchased for another purpose. However, in anticipation of a HOME project, a PJ may use HOME funds to:
 - Acquire property, or.
 - Reimburse itself for property acquired specifically for a HOME project with other funds.
- **Project-based rental assistance:** HOME funds may not be used for rental assistance if receipt of the funds is tied to occupancy in a particular project. Funds from another source, such as Section 8, may be used for this type of project-based assistance in a HOME-assisted unit. Further, HOME funds may be used for other eligible cost, such as rehabilitation, in example, Section 8 or state-funded project-based assistance.
- **Emergency Shelter** projects are prohibited under HOME funds.

Community Housing Development Organizations

A CHDO is a private nonprofit, community-based service organization whose primary purpose is to provide and develop decent, affordable housing for the community it serves. Certified CHDOs receive certification from a Participating Jurisdiction indicating that they meet certain HOME Program requirements and therefore are eligible for HOME funding. CHDOs receiving their certification through DHCD are eligible to apply for HOME funds out of the DHCD HOME CHDO Operating Program to cover the cost of operating expenses. Technical assistance is also available to those DHCD-certified CHDOs. (CHDO certification may also be accomplished through a locality designated as a CHDO, however, DHCD's HOME funds are available only to those certified through DHCD.)

The funds that have been set aside for CHDO Operating assistance can be used for the organization's operating support in connection with its expenses in developing a project, and some of the set-aside funds can be used for training CHDOs to help build their capacity and longevity. Eligible training activities may include the following but are not limited to:

- Developing and sustaining community partnerships
- Raising private funds to match HOME funds, and for operations
- Effective homeownership counseling and training for prospective homebuyers and renters.
- Planning and managing successful real estate projects

Affordable Housing and Special Needs Housing Programs

A competitive application process is the Commonwealth's method of distributing funding for homebuyer and rental development activities. The Affordable Housing and Special Needs Housing programs provide flexible, below-market-rate loans to projects that create or preserve affordable housing for lower-income Virginians.

DHCD uses the following avenues to communicate about the availability and the nature of its HOME-funded activities, including other funds linked to the programs:

- Annual Governor's Housing Conference;
- Website;
- Participation with various advisory teams and committees;
- Contact lists within the affordable housing development community;
- Press releases;
- Collaboration with affordable housing partners; and
- Application workshops.

HOME funds assigned to the Affordable Housing and Special Needs Housing programs will be distributed on a quarterly basis through a competitive application process that evaluates applicant projects on:

- Meeting critical needs – worth 50 points
- Feasibility (likelihood of projects coming to a timely completion) – worth 30 points
- Developer capacity (ability to successfully complete projects and deliver affordable housing) – worth 20 points

All applications received by the deadline for the quarter will be reviewed by DHCD staff. Applications not meeting established thresholds for funding will not be eligible for funding during the quarter that the application was received, but will receive comments and feedback from DHCD staff and will be allowed to reapply during the subsequent quarters. The remaining applications will then be ranked and the highest scoring applicants will receive a funding commitment from DHCD based on project needs, up to amount of funds available for the quarter.

Applicants that have outstanding audit or monitoring findings, unresolved IRS findings, and/or applicants not in compliance with previous DHCD agreements are ineligible for funding.

Eligible applicants must be qualified developers of affordable housing, including certified CHDOs undertaking CHDO-eligible activities throughout the Commonwealth of Virginia. All funds are intended for use with other types of financing including, but not limited to, low income housing tax credits, bond financing, and other public and private funds. In addition to the CHDO requirement, applicants for these funds must be an owner, developer or sponsor of the project.

Affordable Housing and Special Needs Housing funds are typically disbursed at the completion of construction, when DHCD takes out 100 percent of the construction financing. For rental development construction, DHCD can reserve financial commitments up to two years before a project is completed and HOME funds are requested to take out construction loans. For homeownership projects, HOME funds can be disbursed during the construction phase in three intervals of 30 percent (based on a matching percentage of completed construction); with the remaining 10

percent disbursed at the issuance of the certificate of occupancy and the submission of the project close-out report.

Any entity including private non-profits and for-profit organizations and public housing authorities may apply for these resources. DHCD intends to serve only those CHDOs serving within state program areas (primarily non-metropolitan communities). Other entitlement PJs will have to certify their own CHDOs and be accountable to ensure they do not exceed funding limits for operating/technical assistance support. In the case of regional organizations (e.g., consortia) comprising communities lying both within the program area of the state and of other participating jurisdiction areas, DHCD would certify only those lying with the state's jurisdiction.

Any project in an entitlement area must have a 25 percent local match in order to be eligible for funding through these programs.

Rental housing properties can be single-family detached, duplexes, etc.; homes can be scattered-site but should be in reasonable proximity (i.e. neighborhood); and congregate housing and single room occupancies are included in this category;

Homeownership (CHDO only) is defined as units developed for sale to low-income, first-time homebuyers. Short-term lease/purchase projects (lease period not more than three years) are considered homeownership projects.

All projects (rental and homebuyer) must be for a minimum of five units in order to be an eligible project.

HOME Program subsidies are subject to a maximum per-unit subsidy limit.

The state does **not** intend to use HOME funds to refinance existing debt secured by multifamily housing being rehabilitated with HOME funds. Therefore, it has not adopted guidelines defining the conditions under which it would refinance existing debt. If the state elects to use HOME funds for such a purpose, it will propose guidelines in accordance with 24 CFR 92.206(b). These will address project eligibility, need and feasibility, whether the investment is intended to preserve or create affordable units, the specification of eligible geographic areas, and the prohibition against using HOME funds to refinance multifamily loans for properties made or insured by any federal program, including CDBG.

Funds available through these programs are available to the extent that a gap exists in the permanent financing for an eligible project and the funding requested has a positive impact on the affordability of the housing provided. DHCD and its underwriters reserve the right to recommend increases or decreases to fund requests based on cash flow, rents, other financing, etc. Generally, however, loans will be limited to \$500,000 per project or the maximum allowed based on maximum per unit subsidies allowable under the HOME program, whichever is the lesser. DHCD reserves the right to fund projects at an amount greater than \$500,000 under special circumstances. In tax credit deals the maximum subsidy may be affected by the percentage of federal funds that can be used while remaining in compliance with the requirements of the tax credit program.

Successful applicants for new construction must submit an analysis relating to site and neighborhood standards. Specifically, an analysis indicating that the proposed project site addresses all of the following elements:

- Is adequate in size, exposure, and contour to accommodate the number and type of units proposed;
- Has adequate water, sewer, gas and electric;
- Has streets available to service the site;
- Is capable of complying with applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063 and implementing HUD regulations;
- Is not located in an area of minority concentration nor is it located in a racially mixed area such that it will cause a significant increase in the proportion of minority to non-minority residents in the area;
- Promotes greater choice of housing opportunities, yet is not resulting in a concentration of assisted persons in an area that already has a high proportion of low-income persons;
- Is not "seriously detrimental" to family life nor characterized by substandard dwellings or other undesirable conditions;
- Will support housing accessible to social, recreational, commercial and health facilities and services that are at least equivalent to those typically found in neighborhoods consisting of unassisted standard housing of similar market rents; and
- Does not impose excessive travel time and cost via public transportation or private auto for low-income workers.

For rental new construction the *Period of Affordability* is 20 years. For acquisition combined with rehabilitation of multi-family rental housing, the Period of Affordability is 15 years.

HOME assisted units are subject to the affordability for the entirety of the affordability period. These HOME assisted units are subject to a recapture provision in order to assure that the units either remain affordable (i.e., housing eligible clients) or that DHCD recovers its investment based on the terms of the agreement.

This document provides an outline of program parameters. All interested parties should references current program guidelines for full details.

Indoor Plumbing Rehabilitation Program

The Indoor plumbing Rehabilitation Loan Program only funds projects in HOME non-entitlement jurisdictions. The IPR Program is limited to 107 eligible cities and counties. Subrecipients include local governments, housing authorities, planning district commissions and a range of non-profit organizations covering multiple jurisdictions. This network allows programs to reach into most parts of the state. In order to help serve areas of the state that are not served or are under-served by IPR subrecipients, DHCD now allows subrecipients to "roam to serve units that are completely lacking indoor bathroom outside of the jurisdictions they are contracted to serve."

The Indoor Plumbing Rehabilitation/Loan Program (IPR) provides zero percent interest forgivable loans in nonentitlement cities and counties of Virginia to low- and moderate-income (LMI) owner-occupants of substandard housing where indoor plumbing does not exist or where the existing water delivery or waste disposal

system has failed. The program also provides for the general rehabilitation of these units, and for accessibility improvements or relief from overcrowded conditions, as needed, once the primary income, ownership and failed plumbing criteria are met.

The Virginia Department of Housing and Community Development initiated the IPR Program and operated it since 1989, using a combination of state appropriations and federal HOME Program funds.

Over the years, the IPR program works to meet the needs of its clients and subrecipients, while upholding programmatic regulations and the major policy guidance of the Board of Housing and Community Development. The Department contracts with subrecipients (local governments, non-profit housing providers, and housing authorities) to provide local administration of the IPR program. The subrecipients are responsible for most program operations including outreach, application intake, beneficiary and property eligibility determination, financial packaging, construction management, and loan servicing. Each subrecipient has direct ties to the community via its local housing rehabilitation advisory board. Each beneficiary household receives training in house maintenance, cleaning, and budgeting.

The key tenets of the Indoor Plumbing Rehabilitation Program are:

- Only owner occupied houses that lack functional indoor plumbing qualify for assistance;
- Program beneficiaries repay loans based upon ability to pay; and
- Self-help and homeownership opportunities create responsibility for ongoing property maintenance and increase wealth for lower-income participants.

All IPR Programs being funded in whole or part by DHCD must operate according to a written Program Management Plan (PMP) including any revisions that has been adopted by the subrecipient governing body.

A Rehabilitation Oversight Board must oversee the provision of the program benefits and supervise the implementation of the adopted PMP. The Rehab Board may be the jurisdiction's governing body, the non-profit's board of directors or a specially-appointed board which has this program as its only responsibility. The rehab board must be composed of at least three members with at least one resident from each locality served by the sub recipient being a part of this membership. The Rehab Board must have a Chief Executive for local government's administering its own IPR program. Three members must be present to conduct business. The grant administrator, rehab specialist and any other person involved in the daily oversight can not be a voting member. Minutes must be taken at the meetings. Please read Chapter 5 of the IPR manual for more details.

Project/Applicant Eligibility

Locations that are not entitlement-eligible for both CDBG and HOME are eligible for an IPR allocation.

Funding Thresholds

Loan repayments are determined by the homeowner's ability to make payments based on household income, utility costs, and fixed housing costs. Applicants may not pay more than 25 percent of their adjusted gross income for repayment of the loan and other related housing costs. Loans are amortized over a ten-year (120

month) period. They are secured by a lien on the property, which is proportionately forgiven over the ten-year term.

Administrative costs are based on performance varied by the complexity of administrative work on a given house. DHCD will provide an additional 5 percent in leverage-related administrative funds, not to exceed the \$300.00 per unit. CDBG, IPR and other DHCD involved supplemental funds may not leverage each other.

The subrecipient may obligate up to one percent of base construction costs per unit up to a maximum allowable cost of \$250.00 based on the actual documented costs to carry out a home maintenance education. These costs are not intended to cover staff or rehab specialist time for training delivery. This is intended to cover items such as cleaning kits and tool kits.

Each subrecipient who purchases a HEPA vacuum will be reimbursed at an allowance of \$200.00 per house completed until the total cost of the vacuum (up to \$1,000) has been received. A copy of the invoice must be submitted to DHCD with first request for payment.

This document provides an outline of program parameters. All interested parties should references current program guidelines for full details.

Homeownership Assistance

The HOMEownership Assistance Program is provided through local partnerships with governmental entities, non-profit housing service providers, and mortgage lenders across the Commonwealth. DHCD uses a network of regional administrators who conduct intake services, pre-qualification screening for eligibility, and offer housing counseling on a first-come, first-serve basis in various regions of the state. For the 2008-09 program year, DHCD will continue to use 2007-08 administrators.

Assistance available through this program is targeted to households at or below 60 percent of area median income (AMI). While assisted may be provided for household at or below 80 percent, program administrators are given an incentive of an additional \$300 processing fee for all clients served at or below 60 percent or below AMI.

Homebuyers' participation in this fund will be limited to credit-eligible buyers. Eligible applicants must receive a loan commitment for a first mortgage product approved by Virginia Housing Development Authority (VHDA) or an approved VHDA lender.

Program administrators that have outstanding audit or monitoring findings, unresolved IRS findings, and/or applicants not in compliance with previous DHCD agreements are ineligible for funding.

Applicants for assistance must be U.S. citizens, other nationals or qualified alien persons and meet eligibility requirements for first-time homebuyers as defined by HUD (purchasers that have never owned a home before, held primary ownership in a principle residence within the most recent three-year period, or displaced homemaker). Other program requirements include the successful completion of a certified Homebuyer Education Course (VHDA or NeighborWorks®), possession of a signed purchase offer for a single-family dwelling and funding commitment, contribution of the lesser of \$500 or one percent of the sales price of the home from their own funds towards the purchase of the home.

Any property that is the subject of a homebuyer's purchase as part of this program must be successfully inspected to meet the HUD Housing Quality Standards, and a complete FHA appraisal must be conducted on all assisted properties. Home values may not exceed 95 percent of the median sales prices of homes in the area.

Examples of Eligible First Mortgage Products include:

- VHDA SFRLF mortgages
- VHDA First Choice mortgages
- VHDA Flex/Alt 100
- VHDA SPARC mortgages for borrowers up to 80 percent AMI
- BB&T Community Homeownership Incentive Program (CHIP) mortgages
- SunTrust 97 percent Flex mortgages
- Fixed Rate FHA 30 Year mortgages originated with a DHCD approved lender
- Rural Housing Services Guaranteed or Direct Loans

Other CRA affordable mortgage products approved for use by DHCD that demonstrate interest rates and key terms that benefit the homebuyer throughout the term of the loan: i.e. Community Gold products, 5/1 or 7/1 ARMs used in concert with DHCD Five-Year Deferred Payment Loans and 10/1 ARMs used in concert with DHCD 10-Year Deferred Payment Loans.

Income, defined by Section 8, part 5, is derived from any combination of the following:

- Wages, salaries, tips, etc.,
- Business Income
- Interest & Dividend Income
- Retirement & Insurance Income
- Unemployment & Disability Income
- Welfare Assistance
- Alimony, Child Support, & Gift Income
- Armed Forces Income

Funding for this initiative will be based on DHCD's annual HOME allocation from HUD. The amount of each award will be driven by the administrator's previous year's performance as evidenced by the number of closed loans.

Funding to eligible homebuyers under this program is limited to down payment and closing cost assistance only. Loan packages submitted for funding consideration will not exceed 95 percent LTV or a CLTV of 108 percent. Borrowers must meet normal mortgage underwriting criteria which demonstrate creditworthiness and occupy the HOME-assisted property as their primary residence.

DHCD will continue to use the administrators from the 2007-08 program year. Administrators will be notified in writing and forwarded a letter of intent and contract to cover homeownership assistance activities beginning July 1, 2008 and ending June 30, 2009. The process and awards shall be contingent upon HUD approval of DHCD's annual Action Plan.

The housing acquired by homebuyers is subject to recapture restrictions to ensure the family continues to occupy the housing as its principal residence for a period of five to 15 years, depending on the amount of HOME assistance and specific affordability period requirements. Under the recapture provision, DHCD will recover 100 percent of the assistance if the housing does not continue to be the principal residence of the qualified low-income family that purchased the unit during the period of affordability or if the property is sold or refinanced as described in 24 CFR 92.254.

HOME-assisted homeownership housing must meet HUD-established guidelines. For acquisition of housing by a homebuyer, the DHCD HOME Program requires the housing to:

- be a single family housing unit;
- have a sales price or value that does not exceed 95 percent of the median purchase price for single family housing in the area;
- be purchased by a family that qualifies as low-income, and that will occupy the property as its principal residence;
- remain affordable for a period of five to fifteen years, as described at §92.254(a)(4);
- be subject to either the resale or recapture provisions described at §92.254(a)(5).

HUD (24 CFR Part 3280) defines a manufactured home in §3280.2. A manufactured home is built in sections in a factory, possesses a permanent chassis (defined at 24 CFR 3280.902 (a)), and must be designed and manufactured in compliance with the MHCSS. A modular home is built in sections in a factory to meet state, local or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

This document provides an outline of program parameters. All interested parties should reference current program guidelines for full details.

American Dream Downpayment Initiative

The American Dream Downpayment Initiative (ADDI) is administered under the HOME Program. The funds available for this program are in addition to DHCD's yearly HOME Allocation, and effectively increase the availability of funding to dedicate for homeownership programs in Virginia. Some provisions and rules of this program differ from the HOME Program Rules regarding down payment assistance. DHCD is limiting these funds to be used for "first-time" homebuyer activities at a maximum cap of \$10,000 per case.

The goal of the ADDI program is to:

- Increase the overall homeownership rate, especially among minority groups who have lower rates of homeownership compared to the national average.
- Revitalize, stabilize communities.

Eligibility Requirements include:

- The focus is on low-income families who are also first-time homebuyers. To participate, recipients must have annual incomes that do not exceed 60 percent of the area median income.
- Under ADDI, a first-time homebuyer is an individual and his or her spouse who have not owned a home during the three-year period prior to purchase of a home with assistance under ADDI.
- Single-family housing means a one- to four-family residence, condominium unit, cooperative unit, combination of manufactured housing and lot, or manufactured housing lot.
- Eligible costs included under Virginia's program include downpayment acquisition costs and related reasonable and necessary soft costs.

Funding is made available and intended to provide mortgages to those households that cannot financially qualify for other mortgage products. The funding is targeted to those households with incomes not exceeding 60 percent of the area median income (AMI).

All ADDI funds are reserved for first-time homebuyers who are defined as not having an ownership interest in a primary residence within the past three years. DHCD reserves the right to review all loan applications for primary loans originated by other lenders when ADDI funds are requested. ADDI funds must be in second lien position unless otherwise approved by DHCD.

The homebuyer is expected to contribute the lesser of \$500 or one percent of the sales price of the home from the homebuyer's own funds towards the purchase of the home. The contribution may include fees paid by the borrower at the time of application (appraisal fee, credit report fee) and the earnest money deposit. The homebuyer's required contribution cannot be made by a third party, Regional Administrator or non-profit. All loans will be originated and underwritten using the required contribution.

Because it is difficult to determine the exact amount needed to close a loan, the homebuyer should be notified that they may be required to provide up to an *additional* one-half percent of the purchase price at closing. The Regional Administrator may also allow the final contribution to be as low as one half percent of the purchase price. Funding needs outside of these parameters, either more or less, may require an adjustment in the amount of ADDI funds, not to exceed the program maximums.

ADDI is currently administered as a part of DHCD's existing HOMEownership Downpayment and closing cost assistance program.

DHCD has integrated its ADDI funds in partnership with other state resources including the HOME program, and has attempted to give preference to rural areas, special needs populations, and to support home ownership in the state's high-cost areas.

- Families may use the subsidy for down payment assistance, such as closing costs and interest reduction.

- Under the ADDI statute, the amount of ADDI assistance provided to any low-income family cannot exceed the greater of six percent of the purchase price of a single family housing unit or \$10,000.

Program administrators that have outstanding audit or monitoring findings, unresolved IRS findings, and/or applicants not in compliance with previous DHCD agreements are ineligible for funding.

ADDI funding has been allocated to support first mortgage loan resources allocated by the Virginia Housing Development Authority, in conjunction with the traditional HOME funding. For each \$1,000 of leveraged mortgage financing, the HOME Program allocates up to 10 percent of the sales price. It also provides an additional \$2,500 to cover down payment and/or closing costs in a circumstance where the seller provides no closing cost assistance. After earmarking funds to cover first mortgage loan commitments, additional HOME and/or ADDI monies are awarded to each Regional Administrator. All contract agreements are limited to a one-year term. All unused ADDI and HOME funding available at the end of the program year will be reallocated for use by other Regional Administering organizations; however, these may be extended by written agreement.

DHCD provides ADDI and HOME funds to regional administrators for use as down payment and closing cost assistance. Any structure of HOME funds must comply with the federal HOME Investment Partnership Final Rule at 24 CFR Part 92. Any structure of ADDI funds must comply with the program requirements found at 24 CFR 91.220.

Based on its experience to date, DHCD anticipates that 50 percent of first-time homebuyers will come from minority populations.

Local partners will be required to uphold all affirmative fair marketing, fair housing, and equal employment practices as outlined in the annual contract agreement and program summary as prescribed below. Local Administrators must undertake one of the activities highlighted below on an annual basis in order to meet the affirmative marketing requirement outlined in their contract agreement. The activity may be any from the following list or it may be one that has been specifically approved by a DHCD Program Administrator.

- Adopt a resolution endorsing the concept of fair housing and advertise its wording through the local media.
- Enact a local fair housing ordinance substantially equivalent to the federal or state law.
- Provide all clients of your organization with a copy of the Department of Professional and Occupational Regulation (DPOR) fair housing brochure, (804) 367-8530 or a brochure from DHCD, (804) 371-7000.
- Attend a Fair Housing workshop. Be aware that two persons from the organization must attend; the Executive Director and at least one Board member. The workshop must be approved by DHCD. *NOTE: Attending a Fair Housing workshop or seminar may not be used in successive years.*

- Conduct a public educational program for local housing consumers and providers and/or financial institutions regarding fair housing issues and laws.
- Develop or fund a community based fair housing organization.
- Develop a fair housing assistance program to make housing opportunities known to minorities, to monitor compliance, and to refer discrimination complaints to the proper authorities.
- Assess the special housing problems of minorities and women, through surveys, etc., and determine any effects of discrimination. Develop a plan to assist in overcoming these effects.
- Enlist the participation of local realtors, lenders and homebuilders in an agreement and promote affirmative fair housing and review of underwriting/credit criteria. Publish the agreement in the local newspaper.
- Develop a public information network using local newspapers, radio stations, bulletin boards, churches, utility bill mailings, and the like to ensure that all segments of the community are aware of fair housing requirements, especially realtors, landlords, financial institutions, and minority households.

Repayment of the initial subsidy will be required if the homeowner does not occupy the property as its primary residency during the period of affordability as demonstrated in the second deed of trust. Second deeds of trust can only be subordinated to third under the following circumstances:

If the homeowner is refinancing original mortgage to improve the primary mortgage rate by one full point, DHCD will subordinate. Participants may only include their closing cost in the refinancing.

In all cases, loan documentation must be provided to DHCD for advance consideration. DHCD must ensure that all requirements have been met before the new loan closes. The value of liens against the property must not exceed 105 percent of the property's assessed value. If the borrower pays off the first lien, the second lien will be due and payable; the two loans are connected in this regard.

Repayment of the initial subsidy will be required if the homeowner does not remain the principal resident of the home which was subsidized with HOME dollars for the duration of the HUD-imposed period of affordability.

Priority Funding Program – HOME MATCH

While no additional funds are specifically allocated to this program from the 2008-09 HUD allocation due to CoC application timing, DHCD anticipates making these funds available during the 2009-2010 program year.

CHDO Operating Assistance

CHDOs that are certified by DHCD as a "state-certified" CHDO are eligible to apply for CHDO Operating Assistance funds. CHDO Operating Assistance is based on the development of a specific project. In other words, a project must have been identified and "ready" to commence at the time the CHDO Operating Assistance is requested. It is important to understand that these funds are intended to provide

general operating support during the development and construction of CHDO Set-Aside funded affordable housing projects. This funding support program is intended to assist organizations that can demonstrate a need for operating support. The applicants must comply with HOME rules and regulations.

The program funding window is open until funds are depleted.

The following guidelines apply:

- Applicant must be certified by the state to work in the area where the project is located;
- Applicant's funding may not exceed five projects;
- Applicant must possess a demonstrated history of serving the area or community within which HOME-assisted housing will be located (usually this is evidenced by documentation of a minimum of one year of experience of service;
- Applicant must provide a evidence of their AHPP loan commitment from DHCD; and

Funds may be used for operational expenses as follows:

- Salaries, Wages, and Benefits;
- Rent and Utilities;
- Training and Travel;
- Technical Assistance;
- Equipment and Supplies;
- Internet Access and Communications; and
- Contracted Professional Services.

Funds may not be used for costs associated with one actual project. The term of the grant agreement is 12 months with options for 12- month extension for each project.

An organization may receive the greater of \$50,000 or 50 percent of their operating budget for the year in which the application is made. The funds are made available to state-certified CHDOs on a first-come first-serve basis to those meeting capacity thresholds.

CHDOs not in compliance with DHCD funding agreements are not eligible for new funding.

The program requires a 25 percent cash match, which may be met by local government, state government, or private funds. The match must be applied to operating expenses. Funds received for administering other programs may not be used as match. A source document must be submitted along with the application to verify the availability of funds.

Paid invoices must be submitted with each programmatic and financial report in order to receive funding draws. Paid invoices will be reimbursed at a rate of 75 percent. The remaining 25 percent will be held back and represents the applicant's portion of the cash match.

Applicants are required to submit a work plan with organizational and project milestones. For funds used to support salaries, the applicant will be required to

provide evidence of sound employment practices which include copies of employment policies, job descriptions, and resumes and credentials of employees. Applicants receiving Operating Assistance will be required to provide copies of approved conflict of interest and procurement policies, participate in the Consolidated Planning Process, participate in a minimum of one fair housing activity every year, and submit a Comprehensive Organizational Plan with annual updates.

Virginia's 27 Certified CHDOs emphasize assisting in the development of decent, affordable, safe, accessible and quality structures for the underserved areas in the state as well as for the areas where low to very low-income persons face severe affordability barriers.

This document provides an outline of program parameters. All interested parties should references current program guidelines for full details.

Community Integration Rental Assistance Pilot

DHCD, working with the Department of Medical Assistance Service (DMAS), will pilot a program during the 2008-09 program year that moves clients from institutional settings (e.g., nursing home) into community housing. DMAS will play the lead role of identifying clients that are eligible and appropriate for community-based housing, intake, case management, and assuring ongoing rental assistance. *This program is designed to meet the unmet need of appropriate affordable housing for very low income disabled households.* DHCD will leverage HOME dollars to provide:

- Short term tenant based rental assistance (bridge funding)
- Security Deposit
- Utility Deposit

This pilot will target 15 individuals with disabilities transitioning to community-based housing.

The maximum amount of security deposits paid will be the equivalent of two months rent. Only the tenant (not the landlord) can apply for security deposit assistance. The lease between the landlord and the tenant may not contain certain prohibited lease provisions and must be in effect for at least a year. The security deposit may be paid directly to the tenant or the landlord. Utility deposit assistance will be provided only in conjunction with the security deposits assistance. Rental assistance is limited to 12 months or less.

The amount that clients pay for rent are at minimum 10 percent of monthly income, but no more than 30 percent (based on assessment of total household expenses). Rental assistance contracts will be for the duration of the bridge period to be determined prior to written commitment.

A written tenant selection policy will be in place to specify how clients will be selected for participation.

Ineligible Program Activities

- Assistance may not be used to assist a resident homeowner.
- Assistance may not be used to prevent the displacement of tenants from projects assisted with Rental Rehabilitation Program funds.

- Assistance may not be provided to homeless person for overnight or temporary shelter.
- Assistance may not duplicate rent assistance that a tenant already receives.

Income Eligibility Requirements

Assistance is limited to those at or below the HUD low-income limit, however note that assistance through this program will likely serve very low income individuals with disabilities (those at or below 50 percent of median). Applicant income must be verified as income eligible prior to signing the contract for assistance. Income determinations are valid for six months.

All participating rental units will be inspected at initial move-in to assure compliance with Section 8 Housing Quality Standards. Bridge rental assistance means that rental assistance contracts will expire prior to an annual inspection requirement.

HOMELESS

Specific Homeless Prevention Elements

*Please also refer to the Homeless Needs Table in the Needs.xls workbook.

1. Sources of Funds—Identify the private and public resources that the jurisdiction expects to receive during the next year to address homeless needs and to prevent homelessness. These include the McKinney-Vento Homeless Assistance Act programs, other special federal, state and local and private funds targeted to homeless individuals and families with children, especially the chronically homeless, the HUD formula programs, and any publicly-owned land or property. Please describe, briefly, the jurisdiction's plan for the investment and use of funds directed toward homelessness.
2. Homelessness—In a narrative, describe how the action plan will address the specific objectives of the Strategic Plan and, ultimately, the priority needs identified. Please also identify potential obstacles to completing these action steps.
3. Chronic homelessness—The jurisdiction must describe the specific planned action steps it will take over the next year aimed at eliminating chronic homelessness by 2012. Again, please identify barriers to achieving this.
4. Homelessness Prevention—The jurisdiction must describe its planned action steps over the next year to address the individual and families with children at imminent risk of becoming homeless.
5. Discharge Coordination Policy—Explain planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how, in the coming year, the community will move toward such a policy.

Program Year 1 Action Plan response:

DHCD works with the community in a number of ways to specifically meet the needs of homeless. In addition to facilitating the effective distribution and utilization of the Emergency Shelter Grant (EGS), State Shelter Grant (SSG), and the State Homeless

Intervention Program, DHCD works to improve service delivery and coordination, remove barriers, and leverage resources to address the needs of individuals experiencing homelessness and special needs.

DHCD serves as the lead for the Virginia Inter-Agency Council on Homelessness (VIACH). This is a council of agencies with the responsibility of coordinating a more effective inter-agency response to end chronic homelessness. Since the inception of VIACH:

- All of Virginia's localities are now covered by a Continuum of Care (CoC)
- Collaborative efforts of several local rural continua resulted in the first ever Balance of State award of \$900,000 for Virginia for permanent supportive and transitional housing projects to house 39 individuals and families and for a Homeless Management Information System (HMIS).
- HMIS is being established to improve coordination of services to meet needs of clients and to improve the overall understanding of system utilization trends for future improvements,
- Virginia has held a VIACH sponsored Prisoner Reentry Academy that resulted in new Single Room Occupancy (SRO) program in Norfolk that housing and services to 16 ex-offenders.
- Virginia received a SSI/SSDI Outreach, Access, and Recovery (SOAR) grant from the Social Security Administration to train front line workers to improve success rate for initial determinations for Social Security Income (SSI) applications.
- Collaboration between Virginia Department of Health, Division of Vital Statistics, Motor Vehicles, Corrections, and the Department of Mental Health, Mental Retardation, and Substance Abuse Services toward removing barriers unique to homeless persons needing to prove identification and residency requirements for a state-issues id.
- The state of Virginia has establish statewide goals and objectives toward ending chronic homelessness

In addition, DHCD recognized the economic challenges that families with children face when also experiencing homelessness and established homeless childcare programs that help to coordinate and pay for childcare services for families facing homelessness.

A discharge policy has developed and implemented, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons.

Emergency Shelter Grants (ESG)

(States only) Describe the process for awarding grants to State recipients, and a description of how the allocation will be made available to units of local government.

Program Year 1 Action Plan ESG response:

Authorized by the Stewart B. McKinney Homeless Assistance Act, ESG is funded through an appropriation from the U.S. Department of Housing and Urban Development and administered by the Virginia Department of Housing and Community Development (DHCD). The required state matching funds are provided by a dollar to dollar match requirement for all subrecipients. Additionally, the State Shelter Grant (SSG) Program, an appropriation from the Virginia General Assembly and administered by DHCD further leverages these federal funds.

The goal of ESG is to assist homeless families and individuals by providing shelter and services at emergency and transitional housing facilities in Virginia. The primary objective of the program is to provide federal funding to emergency shelters and transitional housing facilities available to serve the homeless and to be used for operations, maintenance costs, supportive services, and administrative costs.

Project/Applicant Eligibility

Eligible applicants for ESG are nonprofit organizations, units of local government and public housing authorities who currently provide, or plan to provide, shelter and services for homeless individuals or families in Virginia.

Subrecipients that have outstanding audit or monitoring findings, unresolved IRS findings, and/or applicants not in compliance with previous DHCD agreements are ineligible for funding.

ESG funds may be used for any of the following activities:

- staff costs, not to exceed 10 percent of the total ESG award
- payment of shelter maintenance, operation (including administrative expenses but excluding staff costs), rent, security, fuels, insurance, utilities, and furnishings for emergency shelters, winter shelters, day shelters, and transitional housing facilities.

Ineligible Activities

ESG funds may not be used for any of the following activities:

- persons who are not homeless
- prevention activities
- emergency shelter when payment or compensation is required
- transitional housing or any other housing for the homeless if:
 - the applicant receives a HUD supportive housing grant, Section 8 Program Subsidy, or any other government rental subsidy to operate the facility
 - rents charged exceed 30 percent of the residents' income

- the total annual income from rents exceeds 50 percent of the last year's total budget for the transitional housing program
- staff costs exceeding 10 percent of the award
- purchase of real property
- building conversion or shelter renovation or rehabilitation, or repair, or the costs associated with these activities
- the provision of beds for which third party payments are received
- costs associated with audits
- purchase of computers
- travel or staff training.

Fund Allocations

The distribution of ESG for the 2008-09 program year are based on the number of beds, level of case management, and utilization rates, where 60 percent of the funding will be based on a "per bed" method. Another 20 percent of the allocation will be based on project sponsors' utilization rates and the remaining 20 percent will be based on specific levels of case management that a grantee provides. Note that DHCD will continue to monitor this specific distribution method. Modification to the formula or methodology may occur in subsequent Action Plan years.

Unique Requirements

ESG funds may be used only to provide shelter and services for persons who are homeless.

COMMUNITY DEVELOPMENT

Community Development

*Please also refer to the Community Development Table in the Needs.xls workbook.

1. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), public facilities, public improvements, public services and economic development.
2. Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.

Program Year 1 Action Plan Community Development response:

The use of Virginia **CDBG** funding in 2008 is anticipated to be as follows:

Anticipated HUD Allocation	\$ 19,767,200
plus: Recaptured Funds (estimated)	\$ 2,000,000
less: State Administration	\$ 395,344
State Technical Assistance	\$ 197,672
2007 Letters of Intent	\$ 2,455,365
less: Planning Grants	\$ 500,000
equals: Community Improvement Grants	\$ 18,218,819

The anticipated use of Community Improvement Grant funding is as follows:

Construction-Ready Water and Sewer Fund	\$ 1,000,000
Community Economic Development Fund	\$ 2,500,000
Community Development Innovation Fund	\$ 2,750,000
Urgent Need Open Submission Projects	\$ 1,000,000
Competitive Grants	\$ 10,968,819**
TOTAL	\$ 18,218,819

**This amount will be reduced at the time funding decisions are made for the Competitive Round to provide funds for previously awarded multi-year projects that will be positioned to move into their second phase of implementation.

The Virginia Community Development Block Grant program is a flexible tool that is being utilized to address a wide array of community and economic development needs across the Commonwealth. The program recognizes the breadth of challenges facing Virginia's rural communities and has been designed to present opportunities for meeting many of these needs, ranging from the installation of infrastructure for new or expanding industries, provision of new or improved water and sewer systems in rural areas, revitalization and economic restructuring of commercial districts, providing financial and technical assistance to entrepreneurs, and construction of facilities for a variety of critical services, such as medical needs in underserved areas or workforce training to address gaps in the labor force.

Unlike the programs operating in entitlement jurisdictions throughout Virginia, the state program covers an extensive geographic area whose needs vary significantly. Presently, there are over 280 units of governments in Virginia eligible for the state CDBG program, each with a unique set of needs and varying levels of capacity and resources to address these needs. Due to the large geographic spread and the extensive issues faced by these mostly rural communities, DHCD does not attempt to individually quantify the need in specific terms relative to the table labeled Housing and Community Development Activities.

Regional Priorities

As an alternative to an inventory of need for the balance of the state served, DHCD annually requests each Planning District Commission (PDC) to rank nine specific

community development items in one of three priority groups. These items are based on the different project types that are funded through the state CDBG program, and a proposal's relationship to the project priorities is considered when a project is evaluated and rated. The following nine items are utilized:

- Comprehensive Community Development
- Economic Development – Job Creation and Retention
- Economic Development – Site Redevelopment
- Economic Development – Development Readiness
- Economic Development – Business District Revitalization
- Housing – Housing Rehabilitation
- Housing – Housing Production Assistance
- Community Facility
- Community Service Facility

The full prioritization, by PDC, is included as an attachment.

Planning Grants

In addition to this assessment methodology described above, DHCD frequently partners with localities to develop solutions to meet identified needs through the use of CDBG-funded planning grants. These grants create the means for localities to target very specific areas of need while providing enough flexibility to address the wide range of issues that affect the nearly 300 localities served through the state program.

For instances when a community may need assistance in identifying and assessing their priorities, both *Community Organizing* and *Community Needs Assessments* planning grants can offer support. These planning grants can be used to conduct a general needs analysis and prioritization of community or economic conditions and future direction. Activities typically include conducting a SWOT analysis, establishing goals and objectives, and developing work plans and implementation strategies.

Strong community support and participation is required for all planning grants to ensure that all stakeholders have an opportunity to be heard. It is anticipated that most localities completing the planning grant process will submit a future CDBG Community Improvement Grant in order to implement the recommended solutions to the identified needs.

Funding

Not surprisingly, the lack of funding available to address community development needs is a significant obstacle. The lack of funding presents several challenges. First and most evident is the continued decrease in funding for the CDBG program. In the last five years alone, the state program has decreased by over \$5 million. Unfortunately, as funding continues to dip, the demand continues rise and far exceeds what is available. A clear example of the supply and demand issue can be found in the CDBG Competitive program, the method by which the largest percent of state CDBG funds are distributed. For the current program year, approximately \$10 million will be awarded competitively to projects, while the total amount of requests exceeds \$27 million.

Further exacerbating the funding crisis is the reality that in most cases, funding from one single source, such as the state CDBG program, is not sufficient to address all needs for a particular project. As a result, localities often must seek additional

resources from other funders, many of whom are also seeing a reduction of their own grant resources. The need to utilize other funding sources can further complicate a project since there are varying timetables to consider and coordinate, separate applications that must be completed and submitted, and different thresholds and requirements that must be achieved and reported.

As funding, principally grant resources, continue to diminish, localities must seek to bridge the funding gap by taking on loans or utilizing their own resources. This can be particularly burdensome for many of the localities served by the state CDBG program; localities that are typically rural in nature, economically distressed, and have limited local resources to contribute.

Cost Increases

An issue that has been raised with more frequency lately is that of the increasing project costs. Increases have been seen in numerous forms, from higher material costs, increased transportation costs, and until just recently, higher bids due to competition for contractors from the more profitable private market.

Local Capacity

The state CDBG program serves many small communities that simply do not have the staff to complete the often complex community development projects. While PDCs and private consultants may be available to provide some assistance, involvement of local leadership is critical to a project's success. Localities with limited staff that are already responsible for a number of vital day-to-day government activities do not have the time and in some cases, the expertise, necessary for pulling together the pieces of a community development project.

Antipoverty Strategy

1. Describe the actions that will take place during the next year to reduce the number of poverty level families.

Program Year 1 Action Plan Antipoverty Strategy response:

DHCD will promote and coordinate housing services with activities that help reduce the number of poverty-level families in Virginia. Virginia continues to pursue several economic development initiatives that, like economic development and self-help portions of the CDBG program, are also intended to strengthen local economies, increase employment opportunities, and enhance business opportunities, particularly within lower income communities or portions of communities. These include the following:

- The **Virginia Enterprise Zone Program** offers state incentives for businesses hiring and investing in distressed communities and areas of the state that have lagged behind the overall growth of the State's economy. The recently reauthorized program, which will use grants rather than tax credits as an incentive for investment in economically distressed communities, targets localities whose relative levels of employment, income, and other indicators are to be considered in determining the designation of future zones.

- The **Virginia Enterprise Initiative**, which leverages private sector support for community-based micro enterprise (self-employment) programs; these programs in turn provide access to capital and business skills to aspiring low-income entrepreneurs.

NON-HOMELESS SPECIAL NEEDS HOUSING

Non-homeless Special Needs (91.220 (c) and (e))

*Please also refer to the Non-homeless Special Needs Table in the Needs.xls workbook.

1. Describe the priorities and specific objectives the jurisdiction hopes to achieve for the period covered by the Action Plan.
2. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

Program Year 1 Action Plan Specific Objectives response:

Housing strategy for the Commonwealth of Virginia Consolidated Plan includes objectives specific to meeting the unmet need of special needs populations in Virginia. DHCD will address these needs through:

- Increasing the overall availability of affordable, accessible housing
- Encourage the inclusion of special needs units in large non special need projects
- Assist individuals with HIV/AIDS to obtain and/or maintain safe, affordable housing
- Increase the availability of permanent supportive housing

At least some of these specific housing objective units will target specific special needs populations (e.g., physically impaired or disabled population). All units completed through Affordable and Special Needs Housing Programs will target incomes at or below 60 AMI and at least 20 percent of the units in any one project will target incomes at or below 50 percent AMI. Higher priority is given to lower income targeting, special needs housing, and to projects that include special features such as being fully accessible, green built, and access to transportation and other community services. In addition, projects with units that will be located in non-HOME entitlement areas are given priority.

In 2000, the Virginia Housing Development Authority (VHDA) report *Study of Funding for Housing Serving People with Disabilities* identified four broad levels of community housing need:

- Supportive Housing: Independent living arrangements where all support services are brought to the consumer's home or provided at community facilities.

- Supervised Housing: Residential settings such as apartments where limited in-home support services are provided on or off-site by “supervisory” staff.
- Intensive Housing: Controlled residential settings, such as group homes, where treatment and training services are provided by on-site staff, usually in traditional single-family structures.
- Highly Intensive Housing: Controlled residential settings, such as Intermediate Care Facilities where in-home treatment and training services are provided by 24-hour on-site staff, usually in special-purpose congregate structures.

A Supplemental Security Income (SSI) recipient receiving \$579 per month can only afford monthly rent of no more than \$174, which is 30% of that monthly SSI benefit, while the Fair Market Rent statewide for a one-bedroom unit is \$741. In 2006, 77,792 Virginians relied on SSI to pay for housing and other basic needs.

Virginia’s population includes 712,330 individuals with a disability who were between the ages of 21 and 64. An additional 317,085 individuals with a disability are over age 65.

132,808 Virginians receive federal Supplemental Security Income (SSI) payments including 107,535 with disabilities, 1,439 who are blind and 23,834 age 65 or over. For individuals, regardless of age, who rely on SSI benefits as their major or only source of income, the cost of housing makes it virtually impossible to afford decent, safe housing in their local community. Virginians receiving SSI benefits are at extreme levels of poverty, and are currently facing a housing crisis.

The Study of Funding for Housing Serving People with Disabilities noted an annual cost of operating one unit of affordable housing funded by the Virginia Housing Development Authority (VHDA) as ranging from \$3,000 to \$5,000 per unit a year, before factoring in debt service or mortgage payments. People with disabilities receiving SSI can only afford to pay 30% of their income in housing costs, about \$165 per month or \$1,980 per year. Significant rent subsidies are necessary to make to make it affordable to the disabled households and to cover operating costs.

Housing Opportunities for People with AIDS

*Please also refer to the HOPWA Table in the Needs.xls workbook.

1. Provide a Brief description of the organization, the area of service, the name of the program contacts, and a broad overview of the range/ type of housing activities to be done during the next year.
2. Report on the actions taken during the year that addressed the special needs of persons who are not homeless but require supportive housing, and assistance for persons who are homeless.

3. Evaluate the progress in meeting its specific objective of providing affordable housing, including a comparison of actual outputs and outcomes to proposed goals and progress made on the other planned actions indicated in the strategic and action plans. The evaluation can address any related program adjustments or future plans.
4. Report on annual HOPWA output goals for the number of households assisted during the year in: (1) short-term rent, mortgage and utility payments to avoid homelessness; (2) rental assistance programs; and (3) in housing facilities, such as community residences and SRO dwellings, where funds are used to develop and/or operate these facilities. Include any assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.
5. Report on the use of committed leveraging from other public and private resources that helped to address needs identified in the plan.
6. Provide an analysis of the extent to which HOPWA funds were distributed among different categories of housing needs consistent with the geographic distribution plans identified in its approved Consolidated Plan.
7. Describe any barriers (including non-regulatory) encountered, actions in response to barriers, and recommendations for program improvement.
8. Please describe the expected trends facing the community in meeting the needs of persons living with HIV/AIDS and provide additional information regarding the administration of services to people with HIV/AIDS.
9. Please note any evaluations, studies or other assessments that will be conducted on the local HOPWA program during the next year.

Program Year 1 Action Plan HOPWA response:

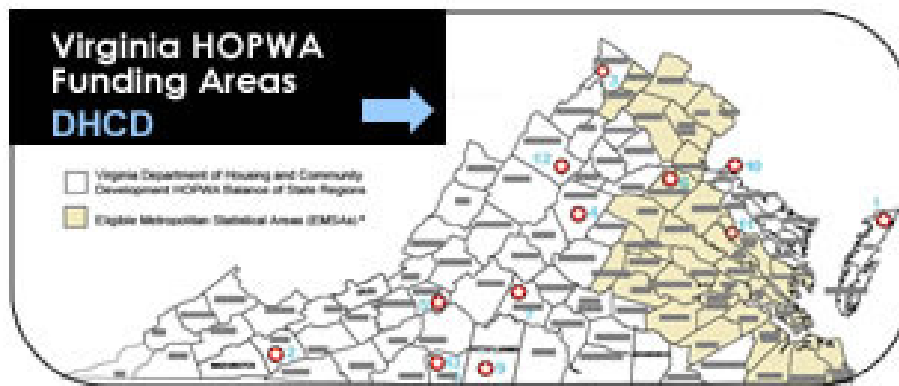
The Housing Opportunities for Persons With AIDS (HOPWA) program was authorized by the National Affordable Housing Act of 1990 and revised under the Housing and Community Development Act of 1992, to provide states and localities with the resources and incentives to devise and implement long-term comprehensive strategies for meeting the housing needs of low-income persons with acquired immunodeficiency syndrome (AIDS) and related diseases, and their families. Activities of primary importance are providing housing assistance and services that assist this population to maintain housing stability where they can maintain complex medication regimens and address HIV/AIDS related problems.

Funds are appropriated annually by Congress to the U.S. Department of Housing and Urban Development (HUD) for administration of this program. HOPWA funds are then awarded by formula to eligible states and Eligible Metropolitan Statistical Areas (EMSAs) that meet the minimum number of cumulative AIDS cases. States and metropolitan areas coordinate use of HOPWA funds with their respective Consolidated Plans, a collaborative process where the state or metropolitan area establishes a unified vision for community development actions.

As an eligible state, the Commonwealth of Virginia receives a HOPWA formula grant, administered by the Department of Housing and Community Development (DHCD). Thereby, DHCD grants these HOPWA funds to eligible project sponsors (that operate outside the state's EMSAs) following an application process. These project sponsors administer HOPWA-supported assistance locally, to persons with HIV/AIDS and their families, supporting HUD's HOPWA program goals and specifically the state's goals as published in the 2008-2012 Consolidated Plan and specific annual goals and objectives as identified in each subsequent Annual Action Plan.

The HOPWA priority is housing assistance - including short-term rent, mortgage, and utility assistance (STRMU), and tenant-based rental assistance (TBRA) - to eligible individuals and their families.

Funds received through these awards will only support clients and programs within Virginia's non-eligible metropolitan statistical areas. HOPWA eligible metropolitan areas receive their HOPWA allocations directly from HUD and have specific guidelines and separate processes not included within the Virginia HOPWA program process or program.



Virginia HOPWA Program Eligible Service Areas			
Counties of:			Independent Cities of:
Accomack	Franklin	Page	Bedford City
Albemarle	Frederick	Patrick	Bristol
Alleghany	Giles	Pittsylvania	Buena Vista
Amherst	Grayson	Prince Edward	Charlottesville
Appomattox	Greene	Pulaski	Covington
Augusta	Greensville	Rappahannock	Danville
Bath	Halifax	Richmond	Emporia
Bedford	Henry	Roanoke	Franklin City
Bland	Highland	Rockbridge	Galax
Botetourt	King George	Rockingham	Harrisonburg
Brunswick	Lancaster	Russell	Lexington
Buchanan	Lee	Scott	Lynchburg
Buckingham	Lunenburg	Shenandoah	Martinsville
Campbell	Madison	Smyth	Norton
Carroll	Mecklenburg	Southampton	Radford
Charlotte	Middlesex	Tazewell	Roanoke City
Craig	Montgomery	Washington	Salem
Culpeper	Nelson	Westmoreland	Staunton
Dickenson	Northampton	Wise	Waynesboro
Essex	Northumberland	Wythe	Winchester
Floyd	Nottoway		
Fluvanna	Orange		

Significantly limited funds are available to meet all the needed housing assistance for moderate to low income individuals with HIV/AIDS in Virginia's non-eligible metropolitan statistical areas. As a result, the funds through this program will be focused on direct housing assistance as needed and supportive services as a last resort only for the individuals receiving housing assistance through the HOPWA program.

Project Sponsors are strongly encouraged to partner with other service providers (both public and private) to coordinate client services and fully leverage available resources in their particular service areas.

At least 65 percent of the total HOPWA grant to any one grantee must be expended on direct housing assistance.

Eligible housing activities (direct housing assistance) for this HOPWA program can be met through the provision of:

- Tenant based rental assistance (TBRA)
- Short term rental mortgage and utility assistance (STRMU)

- Facility-based or project-based housing assistance - only allowed with prior approval from DHCD and with fully executed certifications as referenced by HUD

Specific HOPWA Objectives

Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the Action Plan.

Program Year 1 Specific HOPWA Objectives response:

Commonwealth of Virginia Consolidated Plan includes objectives specific to meeting the unmet housing need of individuals with HIV/AIDS. DHCD will address these needs through:

- Encourage the inclusion of special needs units in large non special need projects
- Assist individuals with HIV/AIDS to obtain and/or maintain safe, affordable housing

At least some of these Affordable Housing and Special Needs Programs units will target special needs populations (e.g., physically impaired or disabled population). All units completed through Affordable and Special Needs Housing Programs will target incomes at or below 60 AMI and at least 20 percent of the units in any one project will target incomes at or below 50 percent AMI. Higher priority is given to lower income targeting, special needs housing, and to projects that include special features such as being fully accessible, green built, and access to transportation and other community services. In addition, projects with units that will be located in non-HOME entitlement areas are given priority.

Approximately 400 households will be receiving housing assistance over the course of the 2008-09 program year. These housing needs will be met primarily through the provision of tenant-based rental assistance and short-term mortgage, rent, and utility assistance.

Special Needs Units -1 Year Goals		
<i>Program</i>	<i>Resources</i>	<i>Number of Units</i>
HOPWA	HOPWA and private	400 households annually
		1 Year Total -400 Units

Other Narrative

Include any Action Plan information that was not covered by a narrative in any other section.